

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM S-1
REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933
AGRIFORCE GROWING SYSTEMS, LTD.
(Exact Name of Registrant as Specified in its Charter)

British Columbia
*(State or other jurisdiction of
incorporation or organization)*

3420
*(Primary Standard Industrial
Classification Code Number)*

46-0820877
*(I.R.S. Employer
Identification No.)*

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Approximate date of proposed sale to public: As soon as practicable on or after the effective date of this registration statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933 check the following box. ☒ [X]

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐ []

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐ []

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐ []

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company” and “emerging growth company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐ []
Non-accelerated filer ☒ [X]

Accelerated filer ☐ []
Smaller reporting company ☒ [X]

☒ [X] Emerging growth company

☐ [] If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to section 7(a)(2)(B) of the Securities Act.

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to Be Registered	Proposed Maximum Aggregate Offering Price (1)	Amount of Registration Fee (2)
Units consisting of:		
(i) Shares of common stock, par value \$0.0001 per share (2)(3)(4)	\$	\$
(ii) Series A Warrants to purchase shares of common stock, par value \$0.0001 per share (3)(4)(5)		
(iii) Series B Warrants to purchase shares of common stock, par value \$0.0001 per share (3)(4)(5)		
Shares of common stock, par value \$0.0001 per share underlying Series A Warrants and Series B Warrants (2)		
Underwriters' common stock purchase warrants (6)		

Common stock underlying underwriters' common stock purchase warrants (2)(7)	\$	\$
Total	\$	\$

- (1) Estimated solely for the purpose of calculating the registration fee in accordance with Rule 457(o) under the Securities Act of 1933, as amended.
- (2) Pursuant to Rule 416, there are also being registered such indeterminable additional securities as may be issued to prevent dilution as a result of stock splits, stock dividends or similar transactions.
- (3) Includes shares the underwriter has the option to purchase to cover over-allotments, if any.
- (4) In accordance with Rule 457(i) under the Securities Act, no separate registration fee is required with respect to the warrants registered hereby.
- (5) There will be issued warrants to purchase one share of common stock. The Series A Warrants are exercisable at a per share exercise price equal to 110% of the public offering price of one share of common stock, and the Series B Warrants are exercisable at a per share exercise price equal to 100% of the public offering price of one share of common stock. This also includes ____ million warrants issuable upon full exercise of the Series B Warrants pursuant to the cashless exercise provision therein at the stated floor price of 20% of the offering price, which is \$ ____ at an assumed offering price of \$ ____.
- (6) No fee pursuant to Rule 457(g) under the Securities Act.
- (7) The warrants are exercisable at a per share exercise price equal to 110% of the public offering price. As estimated solely for the purpose of recalculating the registration fee pursuant to Rule 457(g) under the Securities Act, the proposed maximum aggregate offering price of the underwriters' warrants is equal to 110% of \$ ____ (5% of \$ ____).

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until this Registration Statement shall become effective on such date as the Commission acting pursuant to said Section 8(a) may determine.

The information in this prospectus is not complete and may be changed. We may not sell these securities until the Securities and Exchange Commission declares our registration statement effective. This prospectus is not an offer to sell these securities and is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

PRELIMINARY PROSPECTUS

SUBJECT TO COMPLETION

DATED October 9, 2020

Class A Units Consisting of Shares of Common Stock and Series A Warrants to Purchase Shares of Common Stock and Series B Warrants to Purchase Common Stock



AgriFORCE Growing Systems, Ltd.

This is a firm commitment initial public offering of _____ of our Class A Units, each consisting of one share of our common stock, par value \$0.0001 per share, and a Series A Warrant to purchase one share of our common stock and a Series B Warrant to purchase one share of our common stock (and the shares issuable from time to time upon exercise of the warrants) pursuant to this prospectus based on an offer price of \$_____ for each unit of a share and a Series A Warrant and a Series B Warrant ("Class A Unit") and a \$_____ assumed initial public offering (these assumptions are used throughout this preliminary prospectus). Each Series A Warrant will have an exercise price of \$_____ per share, will be exercisable upon issuance and will expire five years from issuance. Each Series B Warrant will have an exercise price of \$_____ per share, will be exercisable upon issuance and will expire one year from issuance. Prior to this offering, there has been no public market for our Class A Units, common stock or warrants.

The components of the Units will begin to trade separately on the first trading day following the one year anniversary of the date of this prospectus, unless _____ Capital Markets the representative of the, underwriters, determines that an earlier date is acceptable. In no event will separate trading of the securities comprising the Units commence until we issue a press release announcing when such separate trading will begin. Once the components of the Units begin trading separately, the Units will be delisted and will cease trading. Notwithstanding the foregoing, the holder of a Unit may commence separately trading the share of common stock and Series A Warrant in a Unit at any time after the 60th day after the date of this prospectus unless _____ Capital Markets, underwriter, determines that an earlier date is acceptable.

We have applied to have our units and common stock listed on The NASDAQ Capital Market under the symbols "****U" and "*****" respectively. No assurance can be given that our application will be approved. In conjunction therewith, we have also applied to have the Series A Warrants listed on The NASDAQ Capital Market under the symbol "****W". The Series B Warrants will not be listed on any exchange.

Investing in our securities involves a high degree of risk. See "Risk Factors" beginning on page 5 of this prospectus for a discussion of information that should be considered in connection with an investment in our securities.

We are an "emerging growth company" under the federal securities laws and may elect to comply with certain reduced public company reporting requirements for future filings.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	<i>Per Class A Unit</i>	<i>Total</i>
<i>Initial public offering price(1)</i>	\$	\$
<i>Underwriting discounts and commissions(2)</i>	\$	\$
<i>Proceeds to us, before expenses</i>	\$	\$

(1) The assumed public offering price and underwriting discount corresponds to in respect of the Class A Units (a) an assumed public offering price per share of common stock of \$_____ and (b) an assumed public offering price per Series A Warrant of \$0.01 and Series B Warrant of \$0.01 .

(2) Does not include a non-accountable expense allowance equal to 1% of the gross proceeds of this offering payable to _____ Capital Markets, the representative of the underwriters. See "Underwriting" for a description of compensation payable to the underwriters. We have agreed to issue warrants to the representative of the underwriters. See "Underwriting" on page 64 of this prospectus for a description of the compensation arrangements.

We have granted a 45-day option to the underwriters, exercisable one or more times in whole or in part, to purchase up to an additional (i) _____ Class A Units or (ii) if _____ Capital Markets, the representative of the underwriters, determines that the units shall detach and our shares of common stock and the warrants underlying the units shall begin to trade separately during such 45-day period, an additional _____ shares of common stock at a price of \$4.98 per share and/or _____ additional Series A Warrants at a price of \$0.01 per warrant and/or _____ Series B Warrants at a price of \$0.01 per warrant , in each case, the underwriting discounts and commissions, to cover over-allotments, if any.

The underwriter expects to deliver our Class A Units against payment on or about [_____], 2020.

Lead Bookrunning Manager

The date of this prospectus is , 2020.

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You should rely only on information contained in this prospectus or in any free writing prospectus we may authorize to be delivered or made available to you. Neither the delivery of this prospectus nor the sale of our securities means that the information contained in this prospectus or any free writing prospectus is correct after the date of this prospectus or such free writing prospectus. This prospectus is not an offer to sell or the solicitation of an offer to buy our securities in any circumstances under which the offer or solicitation is unlawful or in any state or other jurisdiction where the offer is not permitted. The information contained in this prospectus is accurate only as of its date regardless of the time of delivery of this prospectus or of any sale of common stock.

No person is authorized in connection with this prospectus to give any information or to make any representations about us, the securities offered hereby or any matter discussed in this prospectus, other than the information and representations contained in this prospectus. If any other information or representation is given or made, such information or representation may not be relied upon as having been authorized by us.

For investors outside the United States: Neither we nor the underwriter has done anything that would permit this offering or possession or distribution of this prospectus in any jurisdiction where action for that purpose is required, other than in the United States. You are required to inform yourselves about and to observe any restrictions relating to this offering and the distribution of this prospectus.

Unless otherwise indicated, information contained in this prospectus concerning our industry and the markets in which we operate, including our general expectations and market position, market opportunity and market share, is based on information from our own management estimates and research, as well as from industry and general publications and research, surveys and studies conducted by third parties. Management estimates are derived from publicly available information, our knowledge of our industry and assumptions based on such information and knowledge, which we believe to be reasonable. Our management's estimates have not been verified by any independent source, and we have not independently verified any third-party information. In addition, assumptions and estimates of our and our industry's future performance are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described in "Risk Factors." These and other factors could cause our future performance to differ materially from our assumptions and estimates. See "Cautionary Note Regarding Forward-Looking Statements."

PROSPECTUS SUMMARY

This summary highlights selected information contained in other parts of this prospectus. Because it is a summary, it does not contain all of the information that you should consider in making your investment decision. Before investing in our securities, you should read the entire prospectus carefully, including our financial statements and the related notes included in this prospectus and the information set forth under the headings “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” When used herein, unless the context requires otherwise, references to “AgriFORCE,” the “Company,” “we,” “our” and “us” refer to AgriFORCE Growing Systems, Ltd., a British Columbia corporation.

Unless otherwise expressly provided herein, all share and per share numbers set forth herein relating to our common stock (i) assume no exercise of (a) any warrants and/or options, (b) the representatives’ common stock purchase warrants and/or (c) the representatives’ over-allotment option, and (ii) reflect [list any reverse stock splits – ratio and date].

Our Company

AgriFORCE Growing Systems Ltd. was incorporated as a private company pursuant to the provisions of the British Columbia Business Corporations Act on December 22, 2017. The Company’s registered and records office address is at 600-777 Hornby Street, Vancouver, British Columbia, Canada, V6Z 1S4. On February 13, 2018, the Company changed its name from 1146470 B.C. Ltd to Canivate Growing Systems Ltd. On November 22, 2019, the Company changed its name from Canivate Growing Systems Ltd. to AgriFORCE Growing Systems Ltd.

The Company is an agriculture-focused technology company that is developing systems that are intended to deliver innovative, reliable and financially robust solutions for high value crops through its proprietary facility design and automation intellectual property to businesses and enterprises. The Company intends to operate in the plant based pharmaceutical, nutraceutical, and other high value crop markets using its unique proprietary facility design and hydroponics-based automated growing system that enable cultivators to effectively grow crops in a controlled environment. The Company calls its facility design and automated growing system the “AgriFORCE grow house”. The Company has designed its AgriFORCE grow house to produce in virtually any environmental condition and to optimize crop yields to as near their full genetic potential possible while substantially eliminating the need for the use of pesticides and/or irradiation.

Risks and Challenges That We Face

An investment in our securities involves a high degree of risk. You should carefully consider the risks summarized below and the other risks that are discussed more fully in the “Risk Factors” section of this prospectus immediately following this prospectus summary. These risks include, but are not limited to, the following:

- Demand and market acceptance of our product offerings and expansion of the specialty high value crop cultivation industry may be considerably less than what we currently anticipate.
- We may be unable to increase revenues in the manner in which we anticipate and generate profitability.
 - We may face challenges in constructing our initial cultivation facilities.
 - We may not be able to meet increased and changing regulatory requirements.
 - Our systems are not commercially tested.
 - We will need to raise additional capital to fully commercialize our systems.
 - Some of our target agricultural products may face an uncertain regulatory environment.
- We may be unable to expand operations and manage growth.
- We may be unable to retain key members of our management and development teams and to recruit additional qualified personnel.
- We face competition from companies that have greater resources than we do and we may not be able to effectively compete against these companies.
- We face risks as a result of the ongoing COVID-19 pandemic.
 - We may not be able to continue as a going concern.

Implications of being an Emerging Growth Company

We are an “emerging growth company,” as defined in Section 2(a) of the Securities Act of 1933, or the Securities Act, as modified by the Jumpstart Our Business Startups Act of 2012, or the JOBS Act. As such, we are eligible to take advantage of certain exemptions from various reporting requirements applicable to other public companies that are not “emerging growth companies” including, but not limited to:

- being permitted to present only two years of audited financial statements and only two years of related disclosure in “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in this prospectus;
- being permitted to provide less extensive narrative disclosure than other public companies including not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act of 2002 and reduced disclosure obligations regarding executive compensation in our periodic reports, proxy statements and registration statements;
- being permitted to utilize exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and stockholder approval of any golden parachute payments not previously approved;
- being permitted to defer complying with certain changes in accounting standards; and
- being permitted to use test-the-waters communications with qualified institutional buyers and institutional accredited investors.

We intend to take advantage of these and other exemptions available to “emerging growth companies.” We could remain an “emerging growth company” until the earliest of (a) the last day of our fiscal year following the fifth anniversary of the closing of this offering, (b) the last day of the first fiscal year in which our annual gross revenues exceed \$1.07 billion, (c) the last day of our fiscal year in which we are deemed to be a “large accelerated filer” as defined in Rule 12b-2 under the Securities Exchange Act of 1934, or Exchange Act (which would occur if the market value of our equity securities that is held by non-affiliates exceeds \$700 million as of the last business day of our most recently completed second fiscal quarter), or (d) the date on which we have issued more than \$1 billion in nonconvertible debt during the preceding three-year period.

The JOBS Act permits an “emerging growth company” like us to take advantage of an extended transition period to comply with new or revised accounting standards applicable to public companies. This means that an “emerging growth company” can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have elected to delay such adoption of new or revised accounting standards.

Corporate Information

AgriFORCE Growing Systems Ltd. was incorporated as a private company by Certificate of Incorporation issued pursuant to the provisions of the British Columbia Business Corporations Act on December 22, 2017. The Company’s registered and records office address is at 600-777 Hornby Street, Vancouver, British Columbia, Canada, V6Z 1S4. On February 13, 2018, the Company changed its name from 1146470 B.C. Ltd to Canivate Growing Systems Ltd. On November 22, 2019, the Company changed its name from Canivate Growing Systems Ltd. to AgriForce Growing Systems Ltd.

The Offering

Securities Offered by us:	_____ Class A Units, each consisting of one share of our common stock and one Series A Warrant to purchase one share of our common stock and one Series B Warrant to purchase one share of our common stock. The Units will not trade separately for 12 months following the date of this offering unless _____, the representative of the underwriters, so determines to effect earlier separation.
Common Stock outstanding before this Offering:	37,699,645 shares
Common Stock to be Outstanding after this Offering:	_____ shares
Over-allotment Option:	We have granted a 45-day option to the underwriters, exercisable one or more times in whole or in part, to purchase up to an additional (i) _____ units or (ii) if Capital Markets determines that the units shall detach and our shares of common stock and the warrants underlying the units shall begin to trade separately during such 45-day period, _____ shares of common stock at a price of _____ per share and/or _____ additional Series A Warrants at a price of \$0.01 per Series A Warrant and/or _____ additional Series B Warrants at a price of \$0.01 per Series B Warrant, less, in each case, the underwriting discounts and commissions, to cover over-allotments, if any.
Use of Proceeds:	We intend to use the net proceeds received from this offering for the acquisition of land, completion of associated infrastructure, constructing or purchasing our initial micropropagation and R&D facility, constructing our first working facility and for funding our working capital and general corporate purposes.
Proposed Listings on NASDAQ:	We have applied to list our common stock on The NASDAQ Capital Market under the symbol “****.” No assurance can be given that our application will be approved. In conjunction therewith, we have also applied to have the Series A Warrants listed on The NASDAQ Capital Market under the symbol “****W” and the Units listed as “****U”.
Lock-up	We, our directors, officers and all of our existing shareholders have agreed with the underwriter not to offer for sale, issue, sell, contract to sell, pledge or otherwise dispose of any of our common stock or securities convertible into common stock as described in further detail in the prospectus, both after the date of this prospectus. See “ <i>Underwriting</i> ” on page 64.
Risk Factors:	Investing in our securities is highly speculative and involves a significant degree of risk. See “ <i>Risk Factors</i> ” and other information included in this prospectus for a discussion of factors you should carefully consider before deciding to invest in our securities.

The number of shares of common stock that will be outstanding after this offering set forth above is based on 37,699,645 shares of common stock outstanding as of October 9, 2020, and includes the following:

- 10,729,425 shares of our common stock issuable upon the conversion of outstanding Series A Preferred Shares (consisting of all principal amounts and accrued and unpaid interest thereon) in the event of a Public Offering.
- 240,000 shares of common stock issuable upon the exercise of outstanding warrants at an exercise price of CAD \$0.35 per share;
- 3,811,427 shares of common stock issuable upon the exercise of outstanding warrants at an exercise price of CAD \$0.50 per share;
- 12,093,809 shares of common stock issuable upon the exercise of outstanding warrants at an exercise price of CAD \$2.00 per share;
- 100,000 shares of common stock reserved for issuance under our Stock Option Plan;
- _____ shares of common stock issuable upon exercise of the underwriter’s option to purchase additional shares of our common stock and/or warrants to purchase common stock to cover over-allotments; and
- _____ shares of common stock issuable upon exercise of warrants to be issued to the investors and representatives in connection with this offering, at an exercise price per share equal to 110 % of the per share public offering price for Series A Warrants and 100% of the per share public offering price for the Series B Warrants.

Unless specifically stated otherwise, all information in this prospectus assumes:

- no exercise of the outstanding options or warrants described above;
- no exercise by the underwriter of their option to purchase additional shares of our common stock and/or warrants to purchase common stock to cover over-allotments, if any; and
- no exercise of the representatives’ warrant.

SUMMARY FINANCIAL DATA

The following table summarizes our financial data. We derived the summary financial statement data for the years ended December 31, 2019 and 2018 set forth below from our audited financial statements and related notes contained in this prospectus. We derived the summary financial data for the six months ended June 30, 2020 and 2019 from our unaudited condensed financial statements and related notes contained in this prospectus. Our historical results are not necessarily indicative of the results that may be expected in the future. You should read the information presented below together with “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” our condensed financial statements, the notes to those statements and the other financial information contained in this prospectus.

Summary of Operations in U.S. Dollars

	Years ended December 31,		Six months ended June 30,	
	2019	2018	2020 (Unaudited)	2019 (Unaudited)
OPERATING EXPENSES				
Consulting	\$ 660,914	\$ 595,062	308,345	279,082
Depreciation	8,114	3,295	4,412	3,665
Foreign exchange	3,600	23,148	9,640	15,846
Office and administrative	201,327	87,282	66,789	69,949
Investor relations	617,053	47,317	96,513	146,385
Professional fees	605,099	275,044	209,078	270,343
Rent	181,666	113,598	20,536	70,386
Research and development	1,111,562	881,435	113,431	725,370
Share-based compensation	401,869	208,321	246,591	245,303
Shareholder and regulatory	95,037	173,824	92,833	127,702
Travel and entertainment	189,937	83,898	5,677	114,921
Wages and salaries	1,042,968	252,568	439,890	270,852
Net loss	\$ (5,119,146)	\$ (2,744,792)	\$ (1,613,735)	\$ (2,339,804)
Dividends paid to preferred stockholders	448,416	-	459,236	—
Net loss attributable to common shareholders	\$ (5,607,562)	\$ (2,744,792)	\$ (2,072,971)	\$ (2,339,804)
Weighted average number of shares issued and outstanding	39,573,818	40,546,718	36,872,240	43,078,588
Loss per common share - basic and diluted	\$ (0.14)	\$ (0.07)	\$ (0.06)	\$ (0.05)

Condensed Unaudited Balance Sheet in U.S. Dollars

	As of June 30, 2020	
	Actual (Unaudited)	As Adjusted (Unaudited)
Cash	\$ 908,082	\$
Total Current Assets	1,157,150	
Total Assets	3,245,541	
Total Current Liabilities	1,424,821	
Total Non-Current Liabilities	29,351	
Total Liabilities	1,454,172	
Working Capital (Deficit)	(267,671)	
Series A Preferred Shares	6,717,873	
Common stock	4,509,558	
Additional paid in capital	972,947	
Accumulated Deficit	(10,425,325)	
Total Stockholders’ Equity	\$ 1,791,369	\$

The as adjusted column in the balance sheet data above gives effect to the sale of _____ Class A Units to be sold for cash in this offering at the assumed public offering price of \$_____ per of common stock, and \$0.125 per each Series A and Series B Warrant , after deducting underwriting discounts and commissions and estimated offering expenses payable by us, as if the sale had occurred on June 30, 2020.

Each \$1.00 increase (decrease) in the assumed public offering price of \$_____ per Class A Unit, would increase (decrease) our shareholder’s equity, as adjusted, after this offering by approximately \$___ million, assuming that the number of shares offered by us, as set forth on the cover page of this prospectus, remain the same and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us. We may also increase or decrease the number of Class A Units we are offering. An increase (decrease) of _____ Class A Units in the number of Class A Units offered by us would increase (decrease) our shareholder’s equity, as adjusted, after this offering by approximately \$___ million, assuming that the assumed public offering price remains the same, and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

RISK FACTORS

Risks Relating to the Company's Business

The Company is an early stage company with little operating history, a history of losses and the Company cannot assure profitability.

The Company currently has no revenues and does not have any history of revenue generating operations. The Company has been involved to date in the design and development of its AgriFORCE grow house which incorporates the Company's AgriFORCE micropropagation laboratories. While the Company has invested considerably in this development and design process, no AgriFORCE grow house has been constructed to date and accordingly, the commercial or operating viability of the AgriFORCE grow house has not been proven, or when, if ever, the Company will generate revenue from its operations, and if those revenues, when and if generated, will be sufficient to sustain operations, nonetheless achieve profitability.

There is no assurance that the Company's AgriFORCE micropropagation laboratories will operate as intended.

The Company's initial state of its business operations will be to construct and deploy its initial AgriFORCE micropropagation laboratories. However, the Company has yet to complete construction of any laboratories. Accordingly, this component of the Company's business plan is subject to considerable risks, including:

- there is no assurance that the laboratories will achieve the intended plantlet production rates;
- the costs of constructing and operating the laboratories may be greater than anticipated;
- the potential offtake partners who have indicated a willingness to deploy the laboratories at their existing cultivation operations may withdraw and determine not to deploy the laboratories;
- there is no assurance that the laboratories will achieve the intended plant production rates;
- there is no assurance that the facilities will deliver the intended benefits of high production yields, lower crop losses and reduced operation costs;
- if the company is not able to fully develop the grow house or it does not operate as intended, it could prevent the company from realizing any of its business goals or achieving profitability;
- the costs of constructing the AgriFORCE grow houses may be greater than anticipated and the Company may not be able to recover these greater costs through increases in the lease rates, license fees and services fees that it charges to its customers; and
- the costs of operating the AgriFORCE grow house may be greater than anticipated.

The Company's Exclusive Independent Operator's may default on their obligations

The Company will earn revenues from a series of contractual arrangements entered into with its exclusive independent operators for each AgriFORCE grow house. These contractual arrangements will impose strict operating requirements on the Exclusive Independent Operators. Further, there may be only one at a time, and the Company will need multiple operators in order to expand its business over time. However, there is no assurance that the Exclusive Independent Operators will not breach their obligations, which would force the Company to terminate the license arrangements. Specifically, if sales are not as great as anticipated, if prices are lower than anticipated or if operating costs are greater than anticipated, the Exclusive Independent Operator may not be able to make all required payments to the Company under the contractual arrangements, resulting in a default. In addition, if a Californian Exclusive Independent Operator is unable to obtain or retain the required California cultivation and distribution licenses, then it may not be able to operate the AgriFORCE grow houses, which would again be an event of default. In the event of a default that cannot be remedied, the Company may be forced to terminate the contractual arrangements. In this event, the Company could not operate the AgriFORCE grow houses as it will not hold the required California state cultivation and distribution licenses, and will be forced to locate a new Exclusive Independent Operator and enter into new arrangements, of which there is no assurance. In this event, the Company may not realize on anticipated revenues and its financial condition and operating results may be adversely impacted.

COVID-19 or any pandemic, epidemic or outbreak of an infectious disease in the United States or elsewhere may adversely affect our business.

The COVID-19 virus has had unpredictable and unprecedented impacts in the United States and around the world. The World Health Organization has declared the outbreak of COVID-19 as a "pandemic," or a worldwide spread of a new disease. Many countries around the world have imposed quarantines and restrictions on travel and mass gatherings to slow the spread of the virus. In the United States, federal, state and local governments have enacted restrictions on travel, gatherings, and workplaces, with exceptions made for essential workers and businesses. As of the date of this prospectus, we have not been declared an essential business. As a result, we may be required to substantially reduce or cease operations in response to governmental action or decree as a result of COVID-19. We are still assessing the effect on our business from COVID-19 and any actions implemented by the federal, state and local governments. We have implemented safety protocols to protect our staff, but we cannot offer any assurance that COVID-19 or any other pandemic, epidemic or outbreak of an infectious disease in the United States or elsewhere, will not materially and adversely affect our business.

Fluctuations in the exchange rate of foreign currencies could result in losses.

We incur a portion of our operating expenses in Canadian dollars, and in the future, as we expand into other foreign countries, we expect to incur operating expenses in other foreign currencies. We are exposed to foreign exchange rate fluctuations as the financial results of our international operations are translated from the local functional currency into U.S. dollars upon consolidation. A decline in the U.S. dollar relative to foreign functional currencies would increase our non-U.S. revenue and improve our operating results. Conversely, if the U.S. dollar strengthens relative to foreign functional currencies, our revenue and operating results would be adversely affected. We have not previously engaged in foreign currency hedging. If we decide to hedge our foreign currency exchange rate exposure, we may not be able to hedge effectively due to lack of experience, unreasonable costs or illiquid markets.

The Company will require additional financing and there is no assurance that additional financing will be available when required.

The Company will require substantial additional capital in order to acquire or lease the Coachella land, develop the Coachella lands for use, purchase the micropropagation laboratories and operate them, and complete construction of its initial AgriFORCE grow house which is anticipated to be commenced in early 2021. The funds raised in this offering will not be sufficient and additional financing will be needed for this purpose and for other purposes. The Company plans to achieve this additional financing through equity and/ or debt financing which will likely be dilutive to the position of then current shareholders. However, there is no assurance that this financing will be available when required. Specifically, there is no assurance that the Company will be able to raise any additional equity financing through its shares given that the viability of the Company's AgriFORCE grow houses will not be demonstrated until after construction is complete. In addition, there is no assurance that the Company will be able to secure debt financing given its low asset base and its current lack of revenues.

Uncertainty about the Company's ability to continue as a going concern.

The Company is in the development stage and has not established the commercial viability of either its AgriFORCE micropropagation laboratories or its AgriFORCE grow house. The Company's auditors have also expressed doubt about the ability to continue as a going concern, and its financial statements have been prepared on a going concern basis. The Company's ability to continue as a going concern is dependent upon its ability in the future achieve its initial revenues and to ultimately achieve profitable operations and, in the meantime, to obtain the necessary financing to meet its obligations and repay its liabilities when they become due. External financing, predominantly by the issuance of equity and debt, will be sought to finance the operations of the Company; however, there can be no certainty that such funds will be available at terms acceptable to the Company. These conditions indicate the existence of material uncertainties that cast significant doubt about the Company's ability to continue as a going concern.

The Company has negative cash flow for the year ended December 31, 2019 and the six months ended June 30, 2020.

The Company had negative operating cash flow for the year ended December 31, 2019 and the six months ended June 30, 2020. To the extent that the Company has negative operating cash flow in future periods, it may need to allocate a portion of its cash reserves to fund such negative cash flow. The Company may also be required to raise additional funds through the issuance of equity or debt securities. There can be no assurance that the Company will be able to generate a positive cash flow from its operations, that additional capital or other types of financing will be available when needed or that these financings will be on terms favorable to the Company. The Company's actual financial position and results of operations may differ materially from the expectations of the Company's management.

The Company's actual financial position and results of operations may differ materially from the expectations of the Company's management.

The Company's actual financial position and results of operations may differ materially from management's expectations. As a result, the Company's revenue, net income and cash flow may differ materially from the Company's projected revenue, net income and cash flow. The process for estimating the Company's revenue, net income and cash flow requires the use of judgment in determining the appropriate assumptions and estimates. These estimates and assumptions may be revised as additional information becomes available and as additional analyses are performed. In addition, the assumptions used in planning may not prove to be accurate, and other factors may affect the Company's financial condition or results of operations.

The Company expects to incur significant ongoing costs and obligations related to its investment in infrastructure, growth, regulatory compliance and operations.

The Company expects to incur significant ongoing costs and obligations related to its investment in its initial AgriFORCE grow houses. To the extent that these costs may be greater than anticipated or the Company may not be able to generate revenues or raise additional financing to cover these costs, these operating expenses could have a material adverse impact on the Company's results of operations, financial condition and cash flows. In addition, future changes in regulations, more vigorous enforcement thereof or other unanticipated events could require extensive changes to the design and operation of the Company's AgriFORCE grow houses, which could increase construction costs and have a material adverse effect on the business, results of operations and financial condition of the Company. The Company's efforts to construct its AgriFORCE grow houses and grow its business may be costlier than the Company expects, and the Company may not be able to recover sufficient revenues to offset its higher operating expenses. The Company may incur significant losses in the future for a number of reasons, and unforeseen expenses, difficulties, complications and delays, and other unknown events. If the Company is unable to achieve and sustain profitability, the market price of the Shares may significantly decrease.

There is no assurance the Company will be able to repatriate or distribute funds for investment from the United States to Canada or elsewhere.

In the event that any of the Company's investments, or any proceeds thereof, any dividends or distributions there from, 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, effect other distributions or subsequently repatriate such funds back to Canada or elsewhere.

The Company may not be able to effectively manage its growth and operations, which could materially and adversely affect its business.

If the Company implements its business plan as intended, it may in the future experience rapid growth and development in a relatively short period of time. The management of this growth will require, among other things, continued development of the Company's financial and management controls and management information systems, stringent control of costs, the ability to attract and retain qualified management personnel and the training of new personnel. The Company intends to utilize outsourced resources, and hire additional personnel, to manage its expected growth and expansion. Failure to successfully manage its possible growth and development could have a material adverse effect on the Company's business and the value of the Shares.

The Company may face significant competition from other facilities.

Many other businesses in California engage in similar activities to the Company, leasing commercial space to agricultural producers generally, and providing additional products and services to similar customers. The Company cannot assure you that it will be able to compete successfully against current and future competitors. Competitive pressures faced by the Company could have a material adverse effect on its business, operating results and financial condition.

The Company faces competition from other companies where it will conduct business that may have higher capitalization, more experienced management or may be more mature as a business.

An increase in the companies competing in this industry could limit the ability of the Company to expand its operations. Current and new competitors may have better capitalization, a longer operating history, more expertise and be able to develop higher quality equipment or products, at the same or a lower cost. The Company cannot provide assurances that it will be able to compete successfully against current and future competitors. Competitive pressures faced by the Company could have a material adverse effect on its business, operating results and financial condition.

If we are unable to protect our intellectual property, our business may be adversely affected.

We must protect the proprietary nature of the intellectual property used in our business. There can be no assurance that trade secrets and other intellectual property will not be challenged, invalidated, misappropriated or circumvented by third parties. Currently, our intellectual property includes provisional patents, patent applications, trademarks, trademark applications and know-how related to business, product and technology development. We plan on taking the necessary steps, including but not limited to the filing of additional patents as appropriate. There is no assurance any additional patents will issue or that when they do issue they will include all of the claims currently included in the applications. Even if they do issue, those new patents and our existing patents must be protected against possible infringement. Nonetheless, we currently rely on contractual obligations of our employees and contractors to maintain the confidentiality of our products. To compete effectively, we need to develop and continue to maintain a proprietary position with respect to our technologies, and business. The risks and uncertainties that we face with respect to intellectual property rights principally include the following:

- Currently, we only have provisional protection, which may not result in full patents being granted, and any full patent applications that we file may not result in issued patents or may take longer than expected to result in issued patents;
- we may be subject to interference proceedings;
- other companies may claim that patents applied for by, assigned or licensed to, us infringe upon their own intellectual property rights;
- we may be subject to opposition proceedings in the U.S. and in foreign countries;

- any patents that are issued to us may not provide meaningful protection;
- we may not be able to develop additional proprietary technologies that are patentable;
- other companies may challenge patents licensed or issued to us;
- other companies may independently develop similar or alternative technologies, or duplicate our technologies;
- other companies may design around technologies that we have licensed or developed;
- any patents issued to us may expire and competitors may utilize the technology found in such patents to commercialize their own products; and
- enforcement of patents is complex, uncertain and expensive.

It is also possible that others may obtain issued patents that could prevent us from commercializing certain aspects of our products or require us to obtain licenses requiring the payment of significant fees or royalties in order to enable us to conduct our business. If we license patents, our rights will depend on maintaining its obligations to the licensor under the applicable license agreement, and we may be unable to do so. Furthermore, there can be no assurance that the work-for-hire, intellectual property assignment and confidentiality agreements entered into by our employees and consultants, advisors and collaborators will provide meaningful protection for our trade secrets, know-how or other proprietary information in the event of any unauthorized use or disclosure of such trade secrets, know-how or other proprietary information. The scope and enforceability of patent claims are not systematically predictable with absolute accuracy. The strength of our own patent rights depends, in part, upon the breadth and scope of protection provided by the patent and the validity of our patents, if any.

We operate in an industry with the risk of intellectual property litigation. Claims of infringement against us may hurt our business.

Our success depends, in part, upon non-infringement of intellectual property rights owned by others and being able to resolve claims of intellectual property infringement without major financial expenditures or adverse consequences. Participants that own, or claim to own, intellectual property may aggressively assert their rights. From time to time, we may be subject to legal proceedings and claims relating to the intellectual property rights of others. Future litigation may be necessary to defend us or our clients by determining the scope, enforceability, and validity of third-party proprietary rights or to establish its proprietary rights. Some competitors have substantially greater resources and are able to sustain the costs of complex intellectual property litigation to a greater degree and for longer periods of time. In addition, patent holding companies that focus solely on extracting royalties and settlements by enforcing patent rights may target us. Regardless of whether claims that we are infringing patents or other intellectual property rights have any merit, these claims are time-consuming and costly to evaluate and defend and could:

- adversely affect relationships with future clients;
- cause delays or stoppages in providing products;
- divert management's attention and resources;
- require technology changes to our platform that would cause our Company to incur substantial cost
- subject us to significant liabilities; and
- require us to cease some or all of its activities.

In addition to liability for monetary damages, which may be tripled and may include attorneys' fees, or, in some circumstances, damages against clients, we may be prohibited from developing, commercializing, or continuing to provide some or all of our products unless we obtain licenses from, and pay royalties to, the holders of the patents or other intellectual property rights, which may not be available on commercially favorable terms, or at all.

We have limited foreign intellectual property rights and may not be able to protect our intellectual property rights throughout the world.

We have limited intellectual property rights outside the United States. Filing, prosecuting and defending patents on devices in all countries throughout the world would be prohibitively expensive, and our intellectual property rights in some countries outside the United States can be less extensive than those in the United States. In addition, the laws of some foreign countries do not protect intellectual property to the same extent as laws in the United States. Consequently, we may not be able to prevent third parties from practicing our inventions in all countries outside the United States, or from selling or importing products made using our inventions in and into the United States or other jurisdictions. Competitors may use our technologies in jurisdictions where we have not obtained patents to develop their own products and further, may export otherwise infringing products to territories where we have patents, but enforcement is not as strong as that in the United States.

Many companies have encountered significant problems in protecting and defending intellectual property in foreign jurisdictions. The legal systems of certain countries, particularly China and certain other developing countries, do not favor the enforcement of patents, trade secrets and other intellectual property, which could make it difficult for us to stop the infringement of our patents or marketing of competing products in violation of our proprietary rights generally. To date, we have not sought to enforce any issued patents in these foreign jurisdictions. Proceedings to enforce our patent rights in foreign jurisdictions could result in substantial costs and divert our efforts and attention from other aspects of our business, could put our patents at risk of being invalidated or interpreted narrowly and our patent applications at risk of not issuing and could provoke third parties to assert claims against us. We may not prevail in any lawsuits that we initiate and the damages or other remedies awarded, if any, may not be commercially meaningful. The requirements for patentability may differ in certain countries, particularly developing countries. Certain countries in Europe and developing countries, including China and India, have compulsory licensing laws under which a patent owner may be compelled to grant licenses to third parties. In those countries, we and our licensors may have limited remedies if patents are infringed or if we or our licensors are compelled to grant a license to a third party, which could materially diminish the value of those patents. This could limit our potential revenue opportunities. Accordingly, our efforts to enforce our intellectual property rights around the world may be inadequate to obtain a significant commercial advantage from the intellectual property that we develop or license.

Our patent position is highly uncertain and involves complex legal and factual questions.

Accordingly, we cannot predict the breadth of claims that may be allowed or enforced under our patents or in third-party patents. For example, we might not have been the first to make the inventions covered by each of our pending patent applications and provisional patents; we might not have been the first to file patent applications for these inventions; others may independently develop similar or alternative technologies or duplicate any of our technologies; it is possible that none of our pending patent applications will result in issued patents; our issued patents may not provide a basis for commercially viable technologies, or may not provide us with any competitive advantages, or may be challenged and invalidated by third parties; and, we may not develop additional proprietary technologies that are patentable.

As a result, our owned and licensed patents may not be valid and we may not be able to obtain and enforce patents and to maintain trade secret protection for the full commercial extent of our technology. The extent to which we are unable to do so could materially harm our business.

We have applied for and will continue to apply for patents for certain products. Such applications may not result in the issuance of any patents, and any patents now held or that may be issued may not provide us with adequate protection from competition. Furthermore, it is possible that patents issued or licensed to us may be challenged successfully. In that event, if we have a preferred competitive position because of such patents, such preferred position would be lost. If we are unable to secure or to continue to maintain a preferred position, we could become subject to competition from the sale of generic products. Failure to receive, inability to protect, or expiration of our patents would adversely affect our business and operations.

Patents issued or licensed to us may be infringed by the products or processes of others. The cost of enforcing our patent rights against infringers, if such enforcement is required, could be significant, and we do not currently have the financial resources to fund such litigation. Further, such litigation can go on for years and the time demands could interfere with our normal operations. We may become a party to patent litigation and other proceedings. The cost to us of any patent litigation, even if resolved in our favor, could be substantial. Many of our competitors may be able to sustain the costs of such litigation more effectively than we can because of their substantially greater financial resources. Litigation may also absorb significant management time.

Unpatented trade secrets, improvements, confidential know-how and continuing technological innovation are important to our scientific and commercial success. Although we attempt to and will continue to attempt to protect our proprietary information through reliance on trade secret laws and the use of confidentiality agreements with our partners, collaborators, employees and consultants, as well as through other appropriate means, these measures may not effectively prevent disclosure of our proprietary information, and, in any event, others may develop independently, or obtain access to, the same or similar information.

International intellectual property protection is particularly uncertain, and if we are involved in opposition proceedings in foreign countries, we may have to expend substantial sums and management resources.

Patent and other intellectual property law outside the United States is more uncertain and is continually undergoing review and revisions in many countries. Further, the laws of some foreign countries may not protect intellectual property rights to the same extent as the laws of the United States. For example, certain countries do not grant patent claims that are directed to business methods and processes. In addition, we may have to participate in opposition proceedings to determine the validity of its foreign patents or its competitors' foreign patents, which could result in substantial costs and diversion of its efforts and loss of credibility with customers.

If we are found to be infringing on patents or trade secrets owned by others, we may be forced to cease or alter our product development efforts, obtain a license to continue the development or sale of our products, and/or pay damages.

Our processes and potential products may violate proprietary rights of patents that have been or may be granted to competitors, universities or others, or the trade secrets of those persons and entities. As our industry expands and more patents are issued, the risk increases that our processes and potential products may give rise to claims that they infringe the patents or trade secrets of others. These other persons could bring legal actions against us claiming damages and seeking to enjoin manufacturing and marketing of the affected product or process. If any of these actions are successful, in addition to any potential liability for damages, we could be required to obtain a license in order to continue to manufacture or market the affected product or use the affected process. Required licenses may not be available on acceptable terms, if at all, and the results of litigation are uncertain. If we become involved in litigation or other proceedings, it could consume a substantial portion of our financial resources and the efforts of our personnel.

We rely on confidentiality agreements to protect our trade secrets. If these agreements are breached by our employees or other parties, our trade secrets may become known to our competitors.

We rely on trade secrets that we seek to protect through confidentiality agreements with our employees and other parties. If these agreements are breached, our competitors may obtain and use our trade secrets to gain a competitive advantage over us. We may not have any remedies against our competitors and any remedies that may be available to us may not be adequate to protect our business or compensate us for the damaging disclosure. In addition, we may have to expend resources to protect our interests from possible infringement by others.

We have a limited operating history on which to judge our business prospects and management.

Our company was incorporated and commenced operations in 2017. Accordingly, we have only a limited operating history upon which to base an evaluation of our business and prospects. Operating results for future periods are subject to numerous uncertainties and we cannot assure you that we will achieve or sustain profitability. Our prospects must be considered in light of the risks encountered by companies in the early stage of development, particularly companies in new and rapidly evolving markets. Future operating results will depend upon many factors, including increasing the number of affiliates, our success in attracting and retaining motivated and qualified personnel, our ability to establish short term credit lines, our ability to develop and market new products, control costs, and general economic conditions. We cannot assure you that we will successfully address any of these risks.

We may not be able to continue as a going concern.

The Company has incurred substantial operating losses since its inception, and expects to continue to incur significant operating losses for the foreseeable future and may never become profitable. As reflected in the financial statements, the Company had an accumulated deficit of approximately \$8.4 million at December 31, 2019, a net loss of approximately \$5.1 million, and approximately \$4.3 million of net cash used in operating activities for the year ended December 31, 2019. The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might result from the outcome of this uncertainty. The Company anticipates incurring additional losses until such time, if ever, that it can obtain marketing approval to sell, and then generate significant sales, of its technology that is currently in development. As such it is likely that additional financing will be needed by the Company to fund its operations and to develop and commercialize its technology. These factors raise substantial doubt about the Company's ability to continue as a going concern. Through this registration statement, the Company is seeking to obtain additional capital through the sale of equity to fund operations. The sale of additional equity may dilute existing stockholders and newly issued shares may contain senior rights and preferences compared to currently outstanding shares of common stock.

Our management team has limited experience managing a public company, and regulatory compliance may divert our attention from the day-to-day management of our business.

Our management team has limited experience managing a publicly-traded company and limited experience complying with the increasingly complex laws pertaining to public companies. These obligations typically require substantial attention from our senior management and could divert our attention away from the day-to-day management of our business.

Our internal control over financial reporting does not currently meet the standards required by Section 404 of the Sarbanes-Oxley Act of 2002, and failure to achieve and maintain effective internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act could have a material adverse effect on our business and stock price.

We have not maintained internal control over financial reporting in a manner that meets the standards of publicly traded companies required by Section 404 of the Sarbanes-Oxley Act of 2002. The rules governing the standards that must be met for our management to assess our internal control over financial reporting are complex and require significant documentation, testing and possible remediation. We expect to begin the process of reviewing, documenting and testing our internal control over financial reporting after completion of this initial public offering. We might encounter problems or delays in completing the implementation of any changes necessary to make a favorable assessment of our internal control over financial reporting. If we cannot favorably assess the effectiveness of our internal control over financial reporting, investors could lose confidence in our financial information and the price of our common stock could decline.

The Company may become subject to litigation, which may have a material adverse effect on the Company's reputation, business, results from operations, and financial condition.

The Company may be named as a defendant in a lawsuit or regulatory action. The Company may also incur uninsured losses for liabilities which arise in the ordinary course of business, or which are unforeseen, including, but not limited to, employment liability and business loss claims. Any such losses could have a material adverse effect on the Company's business, results of operations, sales, cash flow or financial condition.

If the Company is unable to attract and retain key personnel, it may not be able to compete effectively.

The Company's success has depended and continues to depend upon its ability to attract and retain key management, including the Company's Chief Executive Officer and technical experts. The Company will attempt to enhance its management and technical expertise by continuing to recruit qualified individuals who possess desired skills and experience in certain targeted areas. The Company's inability to retain employees and attract and retain sufficient additional employees or engineering and technical support resources could have a material adverse effect on the Company's business, results of operations, sales, cash flow or financial condition. Shortages in qualified personnel or the loss of key personnel could adversely affect the financial condition of the Company, results of operations of the business and could limit the Company's ability to develop and market its intellectual property. The loss of any of the Company's senior management or key employees could materially adversely affect the Company's ability to execute the Company's business plan and strategy, and the Company may not be able to find adequate replacements on a timely basis, or at all. The Company does not maintain key person life insurance policies on any of the Company's employees.

The size of the Company's initial target market is difficult to quantify and investors will be reliant on their own estimates on the accuracy of market data.

Because high growth crop technology is in an early stage with uncertain boundaries, there is a lack of information about comparable companies available for potential investors to review in deciding about whether to invest in the Company and, few, if any, established companies whose business model the Company can follow or upon whose success the Company can build. Accordingly, investors 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 follows market research.

The Company's industry is experiencing rapid growth and consolidation that may cause the Company to lose key relationships and intensify competition.

The agriculture industry and various verticals within it including the cannabis and hemp industries and businesses ancillary to are undergoing rapid growth and substantial change, which has resulted in an increase in competitors, consolidation and formation of strategic relationships. Acquisitions or other consolidating transactions could harm the Company in a number of ways, including by losing strategic partners and or customers if they are acquired by or enter into relationships with a competitor, losing customers, revenue and market share, or forcing the Company to expend greater resources to meet new or additional competitive threats, all of which could harm the Company's operating results. As competitors enter the market and become increasingly sophisticated, competition in the Company's industry may intensify which could negatively impact its profitability.

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

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

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

The Company's officers and directors may be engaged in a range of business activities resulting in conflicts of interest.

Although certain officers and board members of the Company are expected to be bound by anti-circumvention agreements limiting their ability to enter into competing and/or conflicting ventures or businesses, the Company may be subject to various potential conflicts of interest because some of its officers and directors may be engaged in a range of business activities. In addition, the Company's executive officers and directors may devote time to their outside business interests, so long as such activities do not materially or adversely interfere with their duties to the Company. In some cases, the Company's executive officers and directors may have fiduciary obligations associated with these business interests that interfere with their ability to devote time to the Company's business and affairs and that could adversely affect the Company's operations. These business interests could require significant time and attention of the Company's executive officers and directors.

In addition, the Company may also become involved in other transactions which conflict with the interests of its directors and the officers who may from time to time deal with persons, firms, institutions or companies with which the Company may be dealing, or which may be seeking investments similar to those desired by it. The interests of these persons could conflict with those of the Company. In addition, from time to time, these persons may be competing with the Company for available investment opportunities. Conflicts of interest, if any, will be subject to the procedures and remedies provided under applicable laws. In particular, if such a conflict of interest arises at a meeting of the Company's directors, a director who has such a conflict will abstain from voting for or against the approval of such participation or such terms. In accordance with applicable laws, the directors of the Company are required to act honestly, in good faith and in the best interests of the Company.

No guarantee on the use of available funds by the Company.

The Company cannot specify with certainty the particular uses of available funds. Management has broad discretion in the application of its proceeds. Accordingly, a holder of Shares will have to rely upon the judgment of management with respect to the use of available funds, with only limited information concerning management's specific intentions. The Company's management may spend a portion or all of the available funds in ways that the Company's shareholders might not desire, that might not yield a favorable return and that might not increase the value of a purchaser's investment. The failure by management to apply these funds effectively could harm the Company's business. Pending use of such funds, the Company might invest the available funds in a manner that does not produce income or that loses value.

Our by-laws, and certain Canadian legislation, contain provisions that may have the effect of delaying or preventing a change in control.

Certain provisions of our by-laws, together or separately, could discourage potential acquisition proposals, delay or prevent a change in control and limit the price that certain investors may be willing to pay for our common shares. For instance, our by-laws, to be effective upon the completion of this offering, contain provisions that establish certain advance notice procedures for nomination of candidates for election as directors at shareholders' meetings. A non-Canadian must file an application for review with the minister responsible for the Investment Canada Act and obtain approval of the minister prior to acquiring control of a "Canadian business" within the meaning of the Investment Canada Act, where prescribed financial thresholds are exceeded. Furthermore, limitations on the ability to acquire and hold our common shares may be imposed by the *Competition Act* (Canada). This legislation permits the Commissioner of Competition to review any acquisition or establishment, directly or indirectly, including through the acquisition of shares, of control over or of a significant interest in us. Otherwise, there are no limitations either under the laws of Canada or British Columbia, or in our articles on the rights of non-Canadians to hold or vote our common shares. Any of these provisions may discourage a potential acquirer from proposing or completing a transaction that may have otherwise presented a premium to our shareholders.

Risks Related to this Offering and the Ownership of Our Common Stock

We have broad discretion in the use of the net proceeds from this offering and may use the net proceeds in ways with which you disagree.

Our management will have broad discretion in the application of the net proceeds from this offering and could spend the proceeds in ways that do not improve our results of operations or enhance the value of our securities. You will be relying on the judgment of our management with regard to the use of these net proceeds, and you will not have the opportunity, as part of your investment decision, to assess whether the net proceeds are being used appropriately. The failure by our management to apply these funds effectively could result in financial losses that could have a material adverse effect on our business, cause the price of our securities to decline and delay the development of our product candidates. Pending the application of these funds, we may invest the net proceeds from this offering in a manner that does not produce income or that loses value.

Investors in this offering will experience immediate and substantial dilution in net tangible book value (deficit).

You will incur immediate and substantial dilution as a result of this offering. After giving effect to the sale by us of up to _____ shares of common stock at an assumed public offering price of \$____ per share, and after deducting the underwriter's discounts and commissions and estimated offering expenses payable by us, investors in this offering can expect an immediate dilution of \$____ per share.

We have also issued options in the past to acquire common stock at prices significantly below the initial offering price. As of October 9, 2020, there were 6,979,361 shares of common stock subject to outstanding options with a weighted-average exercise price of \$0.39 per share. To the extent that these outstanding options are ultimately exercised, you will incur further dilution, and our stock price may decline. To the extent that additional or outstanding options or warrants are granted and/or exercised you will experience further dilution. See "*Dilution*" for a more complete description of how the value of your investment in our common stock will be diluted upon the completion of this offering.

A sustained, active trading market for our common stock or warrants may not develop or be maintained.

As we are in our early stage of development, an investment in our Company will likely require a long-term commitment, with no certainty of return. There is currently no trading market for our common stock and we cannot predict whether an active market for our common stock will ever develop or be sustained in the future. In the absence of an active trading market:

- investors may have difficulty buying and selling or obtaining market quotations;
- market visibility for shares of our common stock may be limited; and
- a lack of visibility for shares of our common stock may have a depressive effect on the market price for shares of our common stock.

The lack of an active market impairs your ability to sell your shares at the time you wish to sell them or at a price that you consider reasonable. The lack of an active market may also reduce the fair market value of your shares. An inactive market may also impair our ability to raise capital to continue to fund operations by selling securities and may impair our ability to acquire additional assets by using our securities as consideration.

There is no established trading market for our shares; further, our shares will be subject to potential delisting if we do not maintain the listing requirements of the NASDAQ Capital Market.

This offering constitutes our initial public offering of our shares. No public market for these shares currently exists. We have applied to list the shares of our common stock on the NASDAQ Capital Market, or NASDAQ (and will also list our warrants if such application is accepted). An approval of our listing application by NASDAQ will be subject to, among other things, our fulfilling all of the listing requirements of NASDAQ. Even if these shares are listed on NASDAQ, there can be no assurance that an active trading market for these securities will develop or be sustained after this offering is completed. The initial offering price has been determined by negotiations among the lead underwriter and us. Among the factors considered in determining the initial offering price were our future prospects and the prospects of our industry in general, our revenue, net income and certain other financial and operating information in recent periods, and the financial ratios, market prices of securities and certain financial and operating information of companies engaged in activities similar to ours. However, there can be no assurance that following this offering our shares of common stock will trade at a price equal to or greater than the offering price.

In addition, NASDAQ has rules for continued listing, including, without limitation, minimum market capitalization and other requirements. Failure to maintain our listing, or de-listing from NASDAQ, would make it more difficult for shareholders to dispose of our common stock and more difficult to obtain accurate price quotations on our common stock. This could have an adverse effect on the price of our common stock. Our ability to issue additional securities for financing or other purposes, or otherwise to arrange for any financing we may need in the future, may also be materially and adversely affected if our common stock is not traded on a national securities exchange.

Our ability to have our common stock and warrants traded on the NASDAQ is subject to us meeting applicable listing criteria.

We have applied for our common stock and warrants to be listed on NASDAQ, a national securities exchange. The NASDAQ requires companies desiring to list their common stock to meet certain listing criteria including total number of shareholders: minimum stock price, total value of public float, and in some cases total shareholders' equity and market capitalization. Our failure to meet such applicable listing criteria could prevent us from listing our common stock on NASDAQ. In the event we are unable to have our shares traded on NASDAQ, our common stock could potentially trade on the OTCQX or the OTCQB, each of which is generally considered less liquid and more volatile than the NASDAQ. Our failure to have our shares traded on NASDAQ could make it more difficult for you to trade our shares, could prevent our common stock trading on a frequent and liquid basis and could result in the value of our common stock being less than it would be if we were able to list our shares on NASDAQ.

The requirements of being a public company may strain our resources, divert management's attention and affect our results of operations

As a public company in the United States, we will face increased legal, accounting, administrative and other costs and expenses. After the consummation of this offering, we will be subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or the Exchange Act, and the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act. The Exchange Act requires, among other things, that we file annual, quarterly and current reports with respect to our business and financial condition. The Sarbanes-Oxley Act requires, among other things, that we maintain effective disclosure controls and procedures and internal control over financial reporting. For example, Section 404 of the Sarbanes-Oxley Act requires that our management report on the effectiveness of our internal controls structure and procedures for financial reporting. Section 404 compliance may divert internal resources and will take a significant amount of time and effort to complete. If we fail to maintain compliance under Section 404, or if in the future management determines that our internal control over financial reporting are not effective as defined under Section 404, we could be subject to sanctions or investigations by NASDAQ should we in the future be listed on this market, the SEC, or other regulatory authorities. Furthermore, investor perceptions of our Company may suffer, and this could cause a decline in the market price of our common stock. Any failure of our internal control over financial reporting could have a material adverse effect on our stated results of operations and harm our reputation. If we are unable to implement these changes effectively or efficiently, it could harm our operations, financial reporting or financial results and could result in an adverse opinion on internal controls from our independent auditors. We may need to hire a number of additional employees with public accounting and disclosure experience in order to meet our ongoing obligations as a public company, particularly if we become fully subject to Section 404 and its auditor attestation requirements, which will increase costs. We expect these rules and regulations to increase our legal and financial compliance costs and to make some activities more time consuming and costly, although we are currently unable to estimate these costs with any degree of certainty. A number of those requirements will require us to carry out activities we have not done previously. Our management team and other personnel will need to devote a substantial amount of time to new compliance initiatives and to meeting the obligations that are associated with being a public company, which may divert attention from other business concerns, which could have a material adverse effect on our business, financial condition and results of operations.

Additionally, the expenses incurred by public companies generally for reporting and corporate governance purposes have been increasing. These increased costs will require us to divert a significant amount of money that we could otherwise use to develop our business. If we are unable to satisfy our obligations as a public company, we could be subject to delisting of our common stock, fines, sanctions and other regulatory action and potentially civil litigation.

New laws, regulations, and standards relating to corporate governance and public disclosure may create uncertainty for public companies, increasing legal and financial compliance costs and making some activities more time consuming.

These laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, may evolve over time as new guidance is provided by the courts and other bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. If our efforts to comply with new laws, regulations, and standards differ from the activities intended by regulatory or governing bodies due to ambiguities related to their application and practice, regulatory authorities may initiate legal proceedings against us and our business may be adversely affected.

As a public company subject to these rules and regulations, we may find it more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced coverage or incur substantially higher costs to obtain coverage. These factors could also make it more difficult for us to attract and retain qualified members of our Board of Directors, particularly to serve on its audit committee and compensation committee, and qualified executive officers.

The market price of our common stock and warrants may be volatile, and you may not be able to resell your shares and warrants at or above the initial public offering price.

The market price for our common stock and warrants may be volatile and subject to wide fluctuations in response to factors including the following:

- actual or anticipated fluctuations in our quarterly or annual operating results;
- changes in financial or operational estimates or projections;
- conditions in markets generally;
- changes in the economic performance or market valuations of companies similar to ours;
- general economic or political conditions in the United States or elsewhere;
- any delay in development of our products or services;
- our failure to comply with regulatory requirements;
- our inability to commercially launch products and services and market and generate sales of our products and services;
- developments or disputes concerning our intellectual property rights;
- our or our competitors' technological innovations;
- general and industry-specific economic conditions that may affect our expenditures;
- changes in market valuations of similar companies;
- announcements by us or our competitors of significant contracts, acquisitions, strategic partnerships, joint ventures, capital commitments, new technologies, or patents;
- future sales of our common stock or other securities, including shares issuable upon the exercise of outstanding warrants or convertible securities or otherwise issued pursuant to certain contractual rights;
- period-to-period fluctuations in our financial results; and
- low or high trading volume of our common stock due to many factors, including the terms of our financing arrangements.

In addition, if we fail to reach an important research, development or commercialization milestone or result by a publicly expected deadline, even if by only a small margin, there could be significant impact on the market price of our common stock. Additionally, as we approach the announcement of anticipated significant information and as we announce such information, we expect the price of our common stock to be particularly volatile and negative results would have a substantial negative impact on the price of our common stock and warrants.

In addition, in recent years, the stock market in general has experienced extreme price and volume fluctuations. This volatility has had a significant effect on the market price of securities issued by many companies, including for reasons unrelated to their operating performance. These broad market fluctuations may adversely affect our stock price, notwithstanding our operating results. The market price of our common stock and warrants will fluctuate and there can be no assurances about the levels of the market prices for our common stock and warrants.

In some cases, following periods of volatility in the market price of a company's securities, shareholders have often instituted class action securities litigation against those companies. Such litigation, if instituted, could result in substantial costs and diversion of management attention and resources, which could significantly harm our business operations and reputation.

As an "emerging growth company" under applicable law, we will be subject to lessened disclosure requirements, which could leave our shareholders without information or rights available to shareholders of more mature companies.

For as long as we remain an "emerging growth company" as defined in the JOBS Act, we have elected to take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not "emerging growth companies" including, but not limited to:

- not being required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act;
- being permitted to provide only two years of audited financial statements, in addition to any required unaudited interim financial statements, with correspondingly reduced "Management's Discussion and Analysis of Financial Condition and Results of Operations" disclosure;
- taking advantage of an extension of time to comply with new or revised financial accounting standards;
- reduced disclosure obligations regarding executive compensation in our periodic reports, proxy statements and registration statements; and
- exemptions from the requirements of holding a nonbinding advisory vote on executive compensation and shareholder approval of any golden parachute payments not previously approved.

We expect to take advantage of these reporting exemptions until we are no longer an “emerging growth company.” Because of these lessened regulatory requirements, our shareholders would be left without information or rights available to shareholders of more mature companies. We cannot predict whether investors will find our common stock less attractive if we rely on these exemptions. If some investors find our common stock less attractive as a result, there may be a less active trading market for our common stock and our stock price may be more volatile.

We are also a “smaller reporting company” as defined in Rule 12b-2 of the Exchange Act and have elected to follow certain scaled disclosure requirements available to smaller reporting companies.

Because we have elected to use the extended transition period for complying with new or revised accounting standards for an “emerging growth company” our financial statements may not be comparable to companies that comply with public company effective dates.

We have elected to use the extended transition period for complying with new or revised accounting standards under Section 102(b)(1) of the JOBS Act. This election allows us to delay the adoption of new or revised accounting standards that have different effective dates for public and private companies until those standards apply to private companies. While we are not currently delaying the implementation of any relevant accounting standards, in the future we may avail ourselves of this right, and as a result of this election, our financial statements may not be comparable to companies that comply with public company effective dates. Because our financial statements may not be comparable to companies that comply with public company effective dates, investors may have difficulty evaluating or comparing our business, performance or prospects in comparison to other public companies, which may have a negative impact on the value and liquidity of our common stock.

FINRA sales practice requirements may also limit your ability to buy and sell our common stock, which could depress the price of our shares.

Financial Industry Regulatory Authority, Inc. (FINRA) rules require broker-dealers to have reasonable grounds for believing that an investment is suitable for a customer before recommending that investment to the customer. Prior to recommending speculative low-priced securities to their non-institutional customers, broker-dealers must make reasonable efforts to obtain information about the customer’s financial status, tax status and investment objectives, among other things. Under interpretations of these rules, FINRA believes that there is a high probability such speculative low-priced securities will not be suitable for at least some customers. Thus, FINRA requirements make it more difficult for broker-dealers to recommend that their customers buy our common stock, which may limit your ability to buy and sell our shares, have an adverse effect on the market for our shares, and thereby depress our share price.

Our compliance with complicated U.S. regulations concerning corporate governance and public disclosure is expensive. Moreover, our ability to comply with all applicable laws, rules and regulations is uncertain given our management’s relative inexperience with operating U.S. public companies.

As a publicly reporting company, we are faced with expensive and complicated and evolving disclosure, governance and compliance laws, regulations and standards relating to corporate governance and public disclosure, including the Sarbanes-Oxley Act and the Dodd-Frank Act, and, following this offering, the rules of the NASDAQ Stock Market. New or changing laws, regulations and standards are subject to varying interpretations in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies, which could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices. As a result, our efforts to comply with evolving laws, regulations and standards of a U.S. public company are likely to continue to result in increased general and administrative expenses and a diversion of management time and attention from revenue-generating activities to compliance activities.

Moreover, our executive officers have little experience in operating a U.S. public company, which makes our ability to comply with applicable laws, rules and regulations uncertain. Our failure to comply with all laws, rules and regulations applicable to U.S. public companies could subject us or our management to regulatory scrutiny or sanction, which could harm our reputation and stock price.

If research analysts do not publish research about our business or if they issue unfavorable commentary or downgrade our common stock, our stock price and trading volume could decline.

The trading market for our securities may depend in part on the research and reports that research analysts publish about us and our business. If we do not maintain adequate research coverage, or if any of the analysts who cover us downgrade our stock or publish inaccurate or unfavorable research about our business, the price of our common stock and warrants could decline. If one or more of our research analysts ceases to cover our business or fails to publish reports on us regularly, demand for our securities could decrease, which could cause the price of our common stock and warrants or trading volume to decline.

We may issue additional equity securities, or engage in other transactions that could dilute our book value or relative rights of our common stock, which may adversely affect the market price of our common stock and warrants.

Our Board of Directors may determine from time to time that it needs to raise additional capital by issuing additional shares of our common stock or other securities. Except as otherwise described in this prospectus, we will not be restricted from issuing additional shares of common stock, including securities that are convertible into or exchangeable for, or that represent the right to receive, shares of our common stock. Because our decision to issue securities in any future offering will depend on market conditions and other factors beyond our control, we cannot predict or estimate the amount, timing, or nature of any future offerings, or the prices at which such offerings may be affected. Additional equity offerings may dilute the holdings of existing shareholders or reduce the market price of our common stock and warrants, or both. Holders of our securities are not entitled to pre-emptive rights or other protections against dilution. New investors also may have rights, preferences and privileges that are senior to, and that adversely affect, then-current holders of our securities. Additionally, if we raise additional capital by making offerings of debt or preference shares, upon our liquidation, holders of our debt securities and preference shares, and lenders with respect to other borrowings, may receive distributions of its available assets before the holders of our common stock.

Beginning 90 days after the issuance date and thereafter during the term of the Series B Warrants, the warrant holders have the right to exercise the Series B Warrants on a cashless basis under certain circumstances. We have the right to satisfy this obligation in cash if we have the cash to do so. If our common stock price declines below the offering price between 90 days and one year after this offering, the number of shares of our common stock issuable upon such cashless exercise of Series B Warrants will increase. If the price of our common stock were to fall to \$1.00 per share, the minimum share price necessary for continued listing on the NASDAQ Capital Market, at any time more than 90 days, and less than one year after this offering, and holders of the Series B Warrants were to exercise the warrants on a cashless basis, they could have issued to them up to _____ shares of common stock as a result of these further cashless exercises, and as satisfied through the issuance of additional shares of our common stock, the issuance of those shares would be dilutive to our stockholders.

Speculative Nature of Warrants.

The warrants offered in this offering do not confer any rights of common stock ownership on their holders, such as voting rights or the right to receive dividends, but rather merely represent the right to acquire shares of our common stock at a fixed price for a limited period of time. Specifically, commencing on the date of issuance, holders of the Series A Warrants may exercise their right to acquire the common stock and pay an exercise price of \$____ per share (110% of the public offering price of our common stock and warrants in this offering), prior to five years from the date of issuance, after which date any unexercised warrants will expire and have no further value, and holders of the Series B Warrants may exercise their right to acquire the common stock and pay an exercise price of \$____ per share (100% of the public offering price of our common stock and warrants in this offering), prior to one year from the date of issuance, after which date any unexercised warrants will expire and have no further value. Moreover, following this offering, the market value of the warrants is uncertain and there can be no assurance that the market value of the warrants will equal or exceed their public offering price. There can be no assurance that the market price of the common stock will ever equal or exceed the exercise price of the warrants, and consequently, whether it will ever be profitable for holders of the warrants to exercise the warrants.

Unless our shares of common stock are approved for listing on NASDAQ, our common stock will be subject to the “penny stock” rules of the SEC and the trading market in our securities is limited, which makes transactions in our stock cumbersome and may reduce the value of an investment in our stock.

The SEC has adopted Rule 15c-9 which establishes the definition of a “penny stock,” for the purposes relevant to us, as any equity security that has a market price of less than \$5.00 per share or with an exercise price of less than \$5.00 per share, subject to certain exceptions. For any transaction involving a penny stock, unless exempt, the rules require:

- that a broker or dealer approve a person’s account for transactions in penny stocks; and
- the broker or dealer receive from the investor a written agreement to the transaction, setting forth the identity and quantity of the penny stock to be purchased.

In order to approve a person’s account for transactions in penny stocks, the broker or dealer must:

- obtain financial information and investment experience objectives of the person; and
- make a reasonable determination that the transactions in penny stocks are suitable for that person and the person has sufficient knowledge and experience in financial matters to be capable of evaluating the risks of transactions in penny stocks.

The broker or dealer must also deliver, prior to any transaction in a penny stock, a disclosure schedule prescribed by the SEC relating to the penny stock market, which:

- sets forth the basis on which the broker or dealer made the suitability determination; and
- affirms that the broker or dealer received a signed, written agreement from the investor prior to the transaction.

Generally, brokers may be less willing to execute transactions in securities subject to the “penny stock” rules. This may make it more difficult for investors to dispose of our common stock and cause a decline in the market value of our stock.

Disclosure also has to be made about the risks of investing in penny stocks in both public offerings and in secondary trading and about the commissions payable to both the broker-dealer and the registered representative, current quotations for the securities and the rights and remedies available to an investor in cases of fraud in penny stock transactions. Finally, monthly statements have to be sent disclosing recent price information for the penny stock held in the account and information on the limited market in penny stocks.

Shareholders should be aware that, according to SEC Release No. 34-29093, the market for “penny stocks” has suffered in recent years from patterns of fraud and abuse. Such patterns include (1) control of the market for the security by one or a few broker-dealers that are often related to the promoter or issuer; (2) manipulation of prices through prearranged matching of purchases and sales and false and misleading press releases; (3) boiler room practices involving high-pressure sales tactics and unrealistic price projections by inexperienced sales persons; (4) excessive and undisclosed bid-ask differential and markups by selling broker-dealers; and (5) the wholesale dumping of the same securities by promoters and broker-dealers after prices have been manipulated to a desired level, along with the resulting inevitable collapse of those prices and with consequent investor losses. Our management is aware of the abuses that have occurred historically in the penny stock market. Although we do not expect to be in a position to dictate the behavior of the market or of broker-dealers who participate in the market, management will strive within the confines of practical limitations to prevent the described patterns from being established with respect to our securities. Unless our shares of common stock are approved for listing on NASDAQ, the occurrence of these patterns or practices could increase the future volatility of our share price.

We do not currently intend to pay dividends on our common stock in the foreseeable future, and consequently, your ability to achieve a return on your investment will depend on appreciation in the price of our common stock.

We have never declared or paid cash dividends on our common stock and do not anticipate paying any cash dividends to holders of our common stock in the foreseeable future. Consequently, investors must rely on sales of their common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investments. There is no guarantee that shares of our common stock will appreciate in value or even maintain the price at which our shareholders have purchased their shares.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains forward-looking statements concerning our business, operations and financial performance and condition, as well as our plans, objectives and expectations for our business operations and financial performance and condition. Any statements contained herein that are not statements of historical facts may be deemed to be forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as “aim”, “anticipate”, “assume”, “believe”, “contemplate”, “continue”, “could”, “due”, “estimate”, “expect”, “goal”, “intend”, “may”, “objective”, “plan”, “predict”, “potential”, “positioned”, “pioneer”, “seek”, “should”, “target”, “will”, “would” and other similar expressions that are predictions of or indicate future events and future trends, or the negative of these terms or other comparable terminology.

These forward-looking statements include, but are not limited to, statements about:

- our use of net proceeds from this offering;
- the continued development and growth of the demand and markets for high technology agricultural crops;
- our ability to raise future capital through debt or equity financing transactions;
- our ability to attract and retain key employees;
- our ability to manage growth in our business; and
- our ability to identify and successfully execute strategic partnerships.

Although we base the forward-looking statements contained in this prospectus on assumptions that we believe are reasonable, we caution you that actual results and developments (including our results of operations, financial condition and liquidity, and the development of the industry in which we operate) may differ materially from those made in or suggested by the forward-looking statements contained in this prospectus. In addition, even if results and developments are consistent with the forward-looking statements contained in this prospectus, those results and developments may not be indicative of results or developments in subsequent periods. Certain assumptions made in preparing the forward-looking statements contained in this prospectus include:

- our ability to implement our growth strategies;
- our ability to complete the construction of our facilities on time and on budget;
- our competitive advantages;
- the development of new proprietary solutions for various other agriculture crops and growing systems;
- our ability to obtain and maintain financing on acceptable terms;
- the impact of competition;
- the changes and trends in the agriculture industry;
- changes in laws, rules and regulations;
- our ability to obtain construction permits and associated licenses;
- our ability to maintain good business relationships with our exclusive independent operators and strategic partners;
- our ability to keep pace with changing consumer preferences;
- our ability to protect our intellectual property;
- our ability to identify, manage and integrate acquisitions;
- our ability to retain key personnel; and
- the absence of material adverse changes in our industry or the global economy and as a result of the COVID-19 pandemic.

These forward-looking statements are based on our current expectations, estimates, forecasts and projections about our business and the industry in which we operate and management’s beliefs and assumptions, and are not guarantees of future performance or development and involve known and unknown risks, uncertainties and other factors that are in some cases beyond our control. As a result, any or all of our forward-looking statements in this prospectus may turn out to be inaccurate. Factors that may cause actual results to differ materially from current expectations include, among other things, those listed under “Risk Factors” and elsewhere in this prospectus. Potential investors are urged to consider these factors carefully in evaluating the forward-looking statements. These forward-looking statements speak only as of the date of this prospectus. Except as required by law, we assume no obligation to update or revise these forward-looking statements for any reason, even if new information becomes available in the future. You should, however, review the factors and risks we describe in the reports we will file from time to time with the SEC, after the date of this prospectus. See “Where You Can Find More Information”.

This prospectus contains estimates, projections and other information concerning our industry, our business, and the markets for our products. Information that is based on estimates, forecasts, projections, market research or similar methodologies is inherently subject to uncertainties, and actual events or circumstances may differ materially from events and circumstances that are assumed in this information. Unless otherwise expressly stated, we obtained this industry, business, market and other data from our own internal estimates and research as well as from reports, research surveys, studies and similar data prepared by market research firms and other third parties, industry, medical and general publications, government data and similar sources.

In addition, assumptions and estimates of our and our industry’s future performance are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described in “Risk Factors”. These and other factors could cause our future performance to differ materially from our assumptions and estimates.

USE OF PROCEEDS

We estimate that the net proceeds from the sale of the _____ Class A Units will be approximately \$ _____ million, or approximately \$ _____ million if the underwriter exercises in full its option to purchase additional shares, based on an assumed public offering price of \$ _____ per Class A Unit, after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us. This estimate excludes the proceeds, if any, from the exercise of common warrants in this offering. If all of the Series A common warrants sold in this offering were to be exercised in cash at an assumed exercise price of \$ _____ per share, we would receive additional net proceeds of approximately \$ _____ million. We cannot predict when or if these Series A common warrants will be exercised. It is possible that these Series A common warrants may expire and may never be exercised. Each \$1.00 increase (decrease) in the assumed public offering price of \$ _____ per Class A Unit would increase (decrease) the net proceeds to us from this offering by approximately \$ _____ million, or approximately \$ _____ million if the underwriter exercises its over-allotment option in full, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remain the same and after deducting estimated underwriting discounts and commissions and estimated offering expenses payable by us.

The expected use of net proceeds of this offering represents our current intentions based upon our present plan and business conditions. As of the date of this prospectus, we cannot specify with certainty all of the particular uses for the net proceeds to be received upon the completion of this offering. The amounts and timing of our actual use of net proceeds will vary depending on numerous factors. As a result, management will have broad discretion in the application of the net proceeds, and investors will be relying on our judgment regarding the application of the net proceeds of this offering. We currently estimate that we will use the net proceeds from this offering as follows: _____ . We have presumed that we will receive aggregate gross proceeds of \$ _____ and deducted \$ _____ payable in offering costs, commissions and fees.

The use of the proceeds represents management's estimates based upon current business and economic conditions. We reserve the right to use of the net proceeds we receive in the offering in any manner we consider to be appropriate. Although our Company does not contemplate changes in the proposed use of proceeds, to the extent we find that adjustment is required for other uses by reason of existing business conditions, the use of proceeds may be adjusted. The actual use of the proceeds of this offering could differ materially from those outlined above as a result of several factors including those set forth under "Risk Factors" and elsewhere in this prospectus.

Pending the use of the net proceeds of this offering, we intend to invest the net proceeds in short-term investment-grade, interest-bearing securities.

MARKET FOR OUR COMMON STOCK AND RELATED STOCKHOLDER MATTERS

Our common stock is not quoted on any market, and never has been.

As of September 3, 2020, we had 281 shareholders of record of our common stock.

We have applied for the listing of our common stock on NASDAQ under the symbol "****." In conjunction therewith, we also have applied to have the warrants listed on The NASDAQ Capital Market under the symbol "****W" and Class A Units under the symbol "****U". No assurance can be given that such application will be approved or that a trading market will develop.

We are not aware of any withholding requirements for U.S. holders or of any treaties which would affect our common stock.

DIVIDEND POLICY

We have never paid any cash dividends on our common stock. We anticipate that we will retain funds and future earnings to support operations and to finance the growth and development of our business. Therefore, we do not expect to pay cash dividends in the foreseeable future following this offering. Any future determination to pay dividends will be at the discretion of our Board of Directors and will depend on our financial condition, results of operations, capital requirements and other factors that our Board of Directors deems relevant. In addition, the terms of any future debt or credit financings may preclude us from paying dividends.

CAPITALIZATION

The following table sets forth our capitalization as of June 30, 2020:

- on an actual basis; and
- on a pro forma as adjusted basis to reflect the sale by us of _____ Class A Units at an assumed initial public offering price of \$____ per Class A Unit, which is the midpoint of the price range set forth on the cover page of this prospectus, after deducting the underwriting discounts and commissions and estimated offering costs payable by us.

The pro forma as adjusted information below is illustrative only and our capitalization following the completion of this offering will be adjusted based on the actual public offering price and other terms of this offering determined at pricing. You should read this table together with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our audited and unaudited condensed financial statements and the related notes appearing elsewhere in this prospectus.

You should read this table together with the section in this prospectus entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and our condensed financial statements and related notes included elsewhere in this prospectus. Numbers are expressed in thousands (U.S. dollars) except share and per share data.

Capitalization in U.S. Dollars in thousands (except share data)	As of June 30, 2020	
	Actual	As Adjusted
	(Unaudited)	(Unaudited)
Cash	\$ 908	
Notes payable	29	
Preferred Shares, no par value per share - unlimited shares authorized; 10,729,425 shares issued and outstanding; _____ shares issued and outstanding pro forma as adjusted.	6,718	
Common stock, no par value per share - unlimited shares authorized; 37,699,645 shares issued and outstanding; _____ shares issued and outstanding pro forma as adjusted	\$ 4,509	\$
Additional paid in capital	973	
Accumulated deficit	(10,425)	
Total stockholders’ equity	1,791	
Total Capitalization	\$ 1,820	\$

The number of shares of common stock that will be outstanding after this offering set forth above is based on 37,699,645 shares of common stock outstanding as of June 30, 2020, and excludes the following:

- 10,729,425 shares of our common stock issuable upon the conversion of outstanding Series A Preferred Shares (consisting of all principal amounts and accrued and unpaid interest thereon) in the event of a Public Offering.
 - 240,000 shares of common stock issuable upon the exercise of outstanding warrants at an exercise price of CAD \$0.35 per share;
 - 3,811,427 shares of common stock issuable upon the exercise of outstanding warrants at an exercise price of CAD \$0.50 per share;
 - 12,093,809 shares of common stock issuable upon the exercise of outstanding warrants at an exercise price of CAD \$2.00 per share;
 - 100,000 shares of common stock reserved for issuance under our Stock Option Plan;
 - _____ shares of common stock issuable upon exercise of the underwriter’s option to purchase additional shares of our common stock and/or warrants to purchase common stock to cover over-allotments; and
 - _____ shares of common stock issuable upon exercise of warrants to be issued to the investors and representatives in connection with this offering, at an exercise price per share equal to 110 % of the per share public offering price for Series A Warrants and 100% of the per share public offering price for the Series B Warrants.
- (1) A \$1.00 increase or decrease in the assumed public offering price per share would increase or decrease our pro forma as adjusted cash and cash equivalents, additional paid-in capital, total stockholders’ equity and total capitalization by approximately \$_____ million assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the underwriting discount and estimated offering expenses payable by us.

DILUTION

If you invest in our common stock in this offering, your ownership interest will be diluted to the extent of the difference between the initial public offering price per share of our common stock in this offering and the as adjusted net tangible book value per share immediately after this offering. We calculate net tangible book value per share by dividing our net tangible book value, which is tangible assets less total liabilities less debt discounts, by the number of outstanding shares of our common stock as of June 30, 2020, assuming no value is attributed to the warrants and such warrants are accounted for and classified as equity. Our historical net tangible book value as of June 30, 2020, was approximately \$1.7 million or \$0.04 per share of our common stock.

After giving effect to the sale of _____ shares of our common stock and accompanying warrants at an assumed initial public offering price of \$_____ per share of common stock, after deducting the underwriting discounts and commissions and estimated offering costs payable by us, our as adjusted net tangible book value (deficit) as of June 30, 2020, would have been approximately \$_____ million, or \$_____ per share of common stock and accompanying warrant. This represents an immediate increase in as adjusted net tangible book value of \$_____ per share to existing shareholders and an immediate dilution of \$_____ per share to investors purchasing shares of common stock in this offering at the assumed public offering price, attributing none of the assumed combined public offering price to the warrants offered hereby.

The following table illustrates per share dilution as of June 30, 2020 (Unaudited):

Public offering price per share of common stock		\$
Net tangible book value (deficit) per share as of June 30, 2020	\$	0.04
Increase in net tangible book value (deficit) per share attributable to this offering	\$	_____
Net tangible book value (deficit) per share after this offering		\$ _____
Dilution per share to investors participating in this offering		\$ _____

Each \$1.00 increase (decrease) in the assumed public offering price would increase (decrease) our as adjusted net tangible book value (deficit) after this offering by approximately \$_____ million, or approximately \$_____ per share, and the dilution per share to new investors by approximately \$0.26 per share, assuming that the number of shares and related warrants offered by us, as set forth on the cover page of this prospectus, remain the same and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us. We may also increase or decrease the number of shares and related warrants we are offering. An increase of 500,000 shares and related warrants in the number of shares and related warrants offered by us would increase our as adjusted net tangible book value (deficit) after this offering by approximately \$_____ million, or \$_____ per share and related warrants, and decrease the dilution per share to new investors by \$_____ per share and related warrant, assuming that the assumed initial public offering price remains the same, and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us. Similarly, a decrease of _____ shares in the number of shares offered by us would decrease our as adjusted net tangible book value (deficit) after this offering by approximately \$_____ million, or \$_____ per share and related warrants, and increase the dilution per share to new investors by \$_____ per share and related warrant, assuming that the assumed initial public offering price remains the same, and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us. The information discussed above is illustrative only and will adjust based on the actual initial public offering price and other terms of this offering determined at pricing. This table does not take into account further dilution to new investors that could occur upon the exercise of outstanding options and warrants, including the warrants offered in this offering, having a per share exercise price less than the public offering price per share in this offering.

If the underwriters exercise in full their option to purchase up to _____ additional shares of common stock at the assumed initial public offering price of \$_____ per share, the as adjusted net tangible book value (deficit) after this offering would be \$_____ per share, representing an increase in net tangible book value (deficit) of \$_____ per share to existing shareholders and immediate dilution in net tangible book value (deficit) of \$_____ per share to investors purchasing our common stock in this offering at the assumed public offering price.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Prospective investors should read the following discussion and analysis of our financial condition and results of operations together with our condensed financial statements and the related notes and other financial information included elsewhere in this prospectus. Some of the information contained in this discussion and analysis or set forth elsewhere in this prospectus, including information with respect to our plans and strategy for our business, includes forward-looking statements that involve risks and uncertainties. See "Cautionary Note Regarding Forward-Looking Statements." You should review the "Risk Factors" section of this prospectus for a discussion of important factors that could cause actual results to differ materially from the results described in or implied by the forward-looking statements contained in the following discussion and analysis.

Company History and Our Business

AgriFORCE Growing Systems Ltd. was incorporated as a private company by Certificate of Incorporation issued pursuant to the provisions of the British Columbia Business Corporations Act on December 22, 2017. The Company's registered and records office address is at 600-777 Hornby Street, Vancouver, British Columbia, Canada, V6Z 1S4. On February 13, 2018, the Company changed its name from 1146470 B.C. Ltd to Canivate Growing Systems Ltd. On November 22, 2019 the Company changed its name from Canivate Growing Systems Ltd. to AgriForce Growing Systems Ltd.

The Company is an innovative agriculture-focused technology company that delivers reliable, financially robust solutions for high value crops through our proprietary facility design and automation Intellectual Property to businesses and enterprises globally. The Company intends to operate in the plant based pharmaceutical, nutraceutical, and other high value crop markets using its unique proprietary facility design and hydroponics based automated growing system that enable cultivators to effectively grow crops in a controlled environment. The Company calls its facility design and automated growing system the "AgriFORCE grow house". The Company has designed its AgriFORCE grow house to produce in virtually any environmental condition and to optimize crop yields to as near their full genetic potential possible whilst substantially eliminating the need for the use of pesticides and/or irradiation.

JOBS Act

On April 5, 2012, the Jumpstart Our Business Startups Act of 2012, or the JOBS Act, was enacted. Section 107 of the JOBS Act provides that an "emerging growth company" can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act of 1933, as amended, or the Securities Act, for complying with new or revised accounting standards. In other words, an "emerging growth company" can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have irrevocably elected not to avail ourselves of this extended transition period and, as a result, we will adopt new or revised accounting standards on the relevant dates on which adoption of such standards is required for other public companies.

We are in the process of evaluating the benefits of relying on other exemptions and reduced reporting requirements provided by the JOBS Act. Subject to certain conditions set forth in the JOBS Act, as an "emerging growth company," we intend to rely on certain of these exemptions from, without limitation, (i) providing an auditor's attestation report on our system of internal controls over financial reporting pursuant to Section 404(b) of the Sarbanes-Oxley Act and (ii) complying with any requirement that may be adopted by the Public Company Accounting Oversight Board (PCAOB) regarding mandatory audit firm rotation or a supplement to the auditor's report providing additional information about the audit and the financial statements, known as the auditor discussion and analysis. We will remain an "emerging growth company" until the earliest of (a) the last day of our fiscal year following the fifth anniversary of the closing of this offering, (b) the last day of the first fiscal year in which our annual gross revenues exceed \$1.07 billion, (c) the last day of our fiscal year in which we are deemed to be a "large accelerated filer" as defined in Rule 12b-2 under the Securities Exchange Act of 1934, or Exchange Act (which would occur if the market value of our equity securities that is held by non-affiliates exceeds \$700 million as of the last business day of our most recently completed second fiscal quarter), or (d) the date on which we have issued more than \$1 billion in nonconvertible debt during the preceding three-year period.

FOR THE SIX MONTHS ENDED JUNE 30, 2020**Results of Operations**

The following discussion should be read in conjunction with the condensed unaudited financial statements for the interim periods ended June 30, 2020 and 2019 respectively, included in this prospectus.

For the six months ended June 30, 2020 compared to the six months ended June 30, 2019 (unaudited)**Revenues**

The Company has not generated any revenue since inception.

Operating Expenses

Operating expenses primarily consist of salaries and wages, research and development, professional fees and consulting. Operating expenses decreased in six months ending June 30, 2020 as compared to June 30, 2019 by \$726,069 or 31%, primarily due to deferring research and development expenditures, as well as reduction in office, administrative and travel expenditures due to restrictions of COVID-19 pandemic. These were partially offset by increase in wages and salaries owing to hiring of executives and board of directors fee to support growth of the company.

Research and Development

During the six months period ended June 30, 2020, the Company spent \$113,431 as compared to \$725,370 for the six months ended June 30, 2019 in research and development costs in relation to the development of a biosphere facility. The decrease in expense is due deferring expenditures until we receive financing. The following represents the breakdown of research and development activities:

	June 30, 2020	June 30, 2019
Architectural fees	\$ 20,232	\$ 262,972
Engineering consultants	16,668	129,694
Design and construction	3,663	279,918
Product development	72,868	52,786
Total	<u>\$ 113,431</u>	<u>\$ 725,370</u>

Net Loss

As a result of the above explanations, we recorded a net loss of \$1,613,735 for the six months ended June 30, 2020 compared to a net loss of \$2,339,804 for the comparable period in 2019.

FOR THE YEAR ENDED DECEMBER 31, 2019**Revenues**

The Company has not generated any revenue since inception.

Operating Expenses

Operating expenses primarily consist of salaries and wages, professional fees and consulting. Operating expenses increased in 2019 over 2018 by \$2,374,354 or 87%, primarily due to increase in wages and salaries of \$790,400, increase in investor relations costs of \$569,736, increase in professional fees by \$330,055, increase in share based compensation by \$193,548 and increase in other costs such as consulting, general and administration to support the growth of the Company.

Research and Development

During the year ended December 31, 2019, the Company spent \$1,111,562 in research and development costs in relation to the development of a biosphere facility. The following represents the breakdown of research and development activities:

	December 31, 2019	December 31, 2018
Architectural fees	\$ 388,033	\$ 57,042
Engineering consultants	233,109	81,354
Design and construction	371,117	216,272
Product development	119,303	10,257
Impairment of IP technology and related expenses	-	516,510
Total	<u>\$ 1,111,562</u>	<u>\$ 881,435</u>

Net Loss

The Company recorded a net loss of \$5,119,146 for the year ended December 31, 2019 as compared to a net loss of \$2,744,792 for the year ended December 31, 2018.

Liquidity and Capital Resources

The Company's primary need for liquidity is to fund working capital requirements, capital expenditures, and for general corporate purposes. The company's ability to fund operations and make planned capital expenditures and debt service obligations depends on future operating performance and cash flows, which are subject to prevailing economic conditions, financial markets, business and other factors. As of December 31, 2019, and June 30, 2020, our total assets exceeded our total liabilities by \$2,994,702 and \$1,791,369, respectively. We have recorded a net loss of \$5,119,146 for the year ended December 31, 2019 and \$1,613,735 for the six months ended June 30, 2020, and recorded an accumulated deficit of \$8,352,354 as of December 31, 2019 and \$10,425,325 as of June 30, 2020. Net cash used in operating activities for the year ended December 31, 2019 was \$4,307,486 and for the six months ended June 30, 2020 was \$1,186,546. Management has been able to raise capital from private placements as detailed below, which may not be sufficient to continue operations until the offering under this prospectus is complete.

We had \$908,082 in cash at June 30, 2020 as compared to \$2,158,891 at December 31, 2019.

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might result from the outcome of this uncertainty. The Company is at the stage of development of its first facility. As such it is likely that additional financing will be needed by the Company to fund its operations and to develop and commercialize its technology. These factors raise substantial doubt about the Company's ability to continue as a going concern. For the next twelve months from issuance of these financial statements, the Company will seek to obtain additional capital through the sale of debt or equity financings or other arrangements to fund operations; however, there can be no assurance that the Company will be able to raise needed capital under acceptable terms, if at all. The sale of additional equity may dilute existing stockholders and newly issued shares may contain senior rights and preferences compared to currently outstanding shares of common stock. Issued debt securities may contain covenants and limit the Company's ability to pay dividends or make other distributions to stockholders. If the Company is unable to obtain such additional financing, future operations would need to be scaled back or discontinued. Due to the uncertainty in the Company's ability to raise capital, management believes that there is substantial doubt in the Company's ability to continue as a going concern for twelve months from the issuance of these condensed financial statements.

Cash Flows

The net cash used by operating activities for the six months ended June 30, 2020 is attributable to a net loss of \$1,613,735 due to operating costs associated with wages, consulting expenses, professional fees, research and development, and general administrative expenses. The net loss was adjusted primarily by non-cash expenses related to shared based compensation of \$246,591 and shares issued for consulting services amounting to \$133,387. For the six months ending June 30, 2019 net cash used by operating activities was attributable to net loss of \$2,339,804 owing to research and development expenses of \$725,370, wages, consulting expenses, professional fees, and general administrative expenses. The net loss was adjusted primarily by non-cash expenses of shared based compensation of \$245,303 and shares issued for consulting services amounting to \$47,657.

Net cash flows used in operating activities for the year ended December 31, 2019 was \$4,307,486, attributable to a net loss of \$5,119,146, which was adjusted primarily by non-cash expenses related to shared based compensation of \$401,869 and shares issued for consulting services amounting to \$57,603. Net cash flows used in operating activities for the year ended December 31, 2018 was \$1,574,163, which was attributable to a net loss of \$2,744,792, which was adjusted primarily by non-cash expenses related to shares issued for IP technology of \$479,884, shared based compensation of \$208,321 and shares issued for consulting services amounting to \$332,121.

The net cash used in investing activities for six months ended June 30, 2020 and June 30, 2019 represents capitalized furniture and office equipment costs.

The net cash used investing activities for the year ended December 31, 2019 represents purchase of property and equipment of \$16,149 as well as payments made for construction in progress of \$1,286,079.

The net cash used investing activities for the year ended December 31, 2018 represents purchase of property and equipment of \$31,039.

Net cash provided by financing activities for the six months ended June 30, 2020 represents proceed from the Canada Emergency Business Account Program of \$29,351 (CAD 40,000). Whereas, cash provided by financing activity for the six months ended June 30, 2019 represents proceeds from several rounds of private placements issuing common stock, preferred stock and convertible debentures as described in recent financing below.

The changes in net cash provided by financing activities for the year ended December 31, 2019 and December 31, 2018 primarily includes net proceeds from several rounds of private placement financing, which is partially off-set by share issuance costs.

Recent Financings

- At various times during the year ended December 31, 2018, the Company issued 28,311,492 common shares for gross proceeds of \$1,688,225.
- On January 16, 2019, pursuant to a non-brokered private placement, the Company issued 1,000,000 units at a price of \$0.26 (CAD \$0.35) for gross proceeds of \$264,191 (CAD \$350,000). Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of CAD \$0.50 per share for 36 months.
- On January 31, 2019, pursuant to a non-brokered private placement, the Company issued 125,000 common shares at a price of \$0.38 (CAD \$0.50) for gross proceeds of \$47,550 (CAD \$62,500).
- On May 2, 2019, pursuant to a brokered and non-brokered private placement, the Company issued 6,516,000 units at a price of \$0.75 (CAD \$1.00) per unit for gross proceeds of \$4,840,291 (CAD \$6,516,000). Each unit consists of one Series A Preferred share and a warrant to purchase one common share. Each warrant entitles the holder to purchase one common share at a price of CAD \$2.00 per share for a period of 5 years following issuance date. The preferred shareholder shall be entitled to receive a 12% dividend in specie consisting of Common Shares on each six-month anniversary of the Closing Date.

Additionally, the principal amount of the Series A Preferred share along with any unpaid dividends will automatically convert into Common Shares upon the earlier of (i) the Company issuing Equity Securities in a transaction or series of related transactions resulting in aggregate gross proceeds of at least CAD \$5,000,000; (ii) the occurrence of a Liquidity Event; or (iii) at the Maturity Date i.e. May 2, 2024.

In relation to this financing, the Company issued 350,800 units with a fair value of \$260,585 (CAD \$350,800) to the broker consortium. Each unit consists of one Series A Preferred share and one warrant to purchase common shares. Each warrant entitles the holder to purchase one common share at a price of CAD \$2.00 per share for a period of 5 years following issuance date.

- On May 10, 2019, pursuant to a brokered and non-brokered private placement, the Company issued 3,702,500 units at a price of \$0.75 (CAD \$1.00) per unit for gross proceeds of \$2,759,353 (CAD \$3,702,500). Each unit consists of one Series A Preferred share and a warrant to purchase one common share. Each warrant entitles the holder to purchase one common share at a price of CAD \$2.00 per share for a period of 5 years following issuance date. The preferred shareholder shall be entitled to receive a 12% dividend in specie consisting of Common Shares on each six-month anniversary of the Closing Date.

Additionally, the principal amount of the Series A Preferred share along with any unpaid dividends will automatically convert into Common Shares upon the earlier of (i) the Company issuing Equity Securities in a transaction or series of related transactions resulting in aggregate gross proceeds of at least \$5,000,000; (ii) the occurrence of a Liquidity Event; or (iii) at the Maturity Date i.e. May 10, 2024.

In relation to this financing, the Company issued 185,125 units with a fair value of \$137,968 (CAD \$185,125), to the broker consortium. Each unit consists of one Series A Preferred share and one warrant to purchase common shares. Each warrant entitles the holder to purchase one common share at a price of \$2.00 CAD per share for a period of 5 years following issuance date.

In connection with the above May 2 and May 10 share issuance, a total of \$766,970 (CAD \$1,029,121) was recorded as share issuance costs. In addition, 857,480 broker warrants were issued with a value of \$nil. Each warrant entitles the holder to purchase one common share at a price of CAD \$2.00 per share for a period of 5 years following issuance date.

- On May 10, 2019, pursuant to the conversion of convertible debentures with a principal value of \$372,634 (CAD \$500,000), the Company issued 500,000 units at a price of \$0.75 (CAD \$1.00) per unit. Each unit consists of one common share and one warrant to purchase common shares. Each warrant entitles the holder to purchase one common share at a price of CAD \$2.00 per share for 60 months. In addition, the Company issued 6,904 units at a price of \$0.75 (CAD \$1.00) per unit representing the accreted value of the interest payable on the debentures at time of conversion.

Off Balance Sheet Arrangements

None.

Significant Accounting Policies**Cash**

The Company's cash consists of cash maintained in checking and interest-bearing accounts. The Company accounts for financial instruments with original maturities of three months or less at the date of purchase as cash equivalents. The Company held no cash equivalents as of June 30, 2020 and December 31, 2019.

Property and equipment

Property and equipment are initially recognized at acquisition cost or manufacturing cost, including any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by the Company's management. Property, plant and equipment are subsequently measured at cost less accumulated depreciation and impairment losses.

Depreciation is recognized on a straight-line basis to write down the cost less estimated residual value of computer equipment and furniture and fixtures. The following useful lives are applied:

Computer equipment 5 years

Furniture and fixtures 10 years

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognized in profit or loss within other income or other expenses.

Construction in progress includes construction progress payments, deposits, engineering costs, interest expense for debt financing on long-term construction projects and other costs directly related to the construction of the facilities. Expenditures are capitalized during the construction period and construction in progress is transferred to the relevant class of property and equipment when the assets are available for use, at which point the depreciation of the asset commences.

Impairment of Long-Lived Assets

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. In order to determine if assets have been impaired, assets are grouped and tested at the lowest level for which identifiable independent cash flows are available ("asset group"). An impairment loss is recognized when the sum of projected undiscounted cash flows is less than the carrying value of the asset group. The measurement of the impairment loss to be recognized is based on the difference between the fair value and the carrying value of the asset group. Fair value can be determined using a market approach, income approach or cost approach. The reversal of impairment losses is prohibited.

Revenue Recognition

The Company has not recorded any revenues since its inception. However, in the future, the Company expects to generate returns from any or all the revenue sources below from its customers:

- Rental income from facilities.
- Intellectual property income from the licensing of its intellectual property
- Management and advisory fees from management service contracts and

On January 1, 2018, the Company early adopted ASU No. 2014-09, Revenue from Contracts with Customers and all related amendments (“ASC 606” or “the new revenue standard”). ASC 606 is a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The new revenue standard is based on the principle that an entity should recognize revenue to depict the transfer of 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 or services. To achieve this core principle, ASC 606 provides that an entity should apply the following steps: (1) identify the contract(s) with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract and (5) recognize revenue when (or as) the entity satisfies a performance obligation. The new revenue standard also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, and costs to obtain or fulfill contracts. The Company will apply ASC 606 prospectively to all contracts.

Loss per Common Share

The Company presents basic and diluted loss per share data for its common shares. Basic loss per common share is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted loss per common share is calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all potentially dilutive share equivalents, such as stock options and warrants and assumes the receipt of proceeds upon exercise of the dilutive securities to determine the number of shares assumed to be purchased at the average market price during the year. Diluted net loss attributable to common shareholders per share does not differ from basic net loss attributable to common shareholders per share for the six months ended June 30, 2020 and June 30, 2019, since the effect of the Company’s stock options and warrants are anti-dilutive.

Research and development

Expenditure on research and development activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized as expense when incurred.

Foreign currency transactions

The financial statements of the Company and its subsidiaries whose functional currencies are the local

currencies are translated into U.S. dollars for consolidation as follows: assets and liabilities at the exchange rate as of the balance sheet date, stockholders’ equity at the historical rates of exchange, and income and expense amounts at the average exchange rate for the period. Translation adjustments resulting from the translation of the subsidiaries’ accounts are included in “Accumulated other comprehensive income” as equity in the consolidated balance sheets. Transactions denominated in currencies other than the applicable functional currency are converted to the functional currency at the exchange rate on the transaction date. At period end, monetary assets and liabilities are remeasured to the reporting currency using exchange rates in effect at the balance sheet date. Non-monetary assets and liabilities are remeasured at historical exchange rates. Gains and losses resulting from foreign currency transactions are included within operating expenses.

Fair value measurement

Pursuant to the provisions of Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures (ASC 820), the Company measures certain assets and liabilities at fair value or discloses the fair value of certain assets and liabilities recorded at cost in the condensed consolidated interim financial statements. Fair value is calculated as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). ASC 820 establishes a fair value hierarchy which requires assets and liabilities measured at fair value to be categorized into one of three levels based on the inputs used in the valuation. The Company classifies assets and liabilities in their entirety based on the lowest level of input significant to the fair value measurement.

The three levels are defined as follows:

- Level 1: Observable inputs based on quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Observable inputs, other than those included in Level 1, based on quoted prices for similar assets and liabilities in active markets, or quoted prices for identical assets and liabilities in inactive markets.
- Level 3: Unobservable inputs that reflect an entity's own assumptions about what inputs a market participant would use in pricing the asset or liability based on the best information available in the circumstances.

Transfers between levels of the fair value hierarchy are deemed to have occurred at the end of the reporting period in which the event or change of circumstances caused the transfer to occur.

The Company's financial instruments consist principally of cash, accounts receivable, accounts payable and accrued liabilities. We believe that the recorded values of all of our other financial instruments approximate their current fair values because of their nature and respective maturity dates or durations.

Income tax

Current tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted at period-end.

Deferred tax assets, including those arising from tax loss carryforwards, requires management to assess the likelihood that the Company will generate sufficient taxable earnings in future periods in order to utilize recognized deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted.

The Company operates in various tax jurisdictions and is subject to audit by various tax authorities.

The Company records uncertain tax positions based on a two-step process whereby (1) a determination is made as to whether it is more likely than not that the tax positions will be sustained based on the technical merits of the position and (2) for those tax positions that meet the more-likely-than-not recognition threshold the Company recognizes the largest amount of tax benefit that is greater than 50% likely to be realized upon ultimate settlement with the related tax authority. The Company's policy is to recognize interest and penalties accrued on any unrecognized tax benefits as a component of income tax expense. Significant judgment is required in the identification of uncertain tax positions and in the estimation of penalties and interest on uncertain tax positions.

There were no material uncertain tax positions as of June 30, 2020 and December 31, 2019.

Share-based compensation

The Company generally uses the straight-line method to allocate compensation cost to reporting periods over each optionee's requisite service period, which is generally the vesting period, and estimates the fair value of stock-based awards to employees and directors using the Black-Scholes option-valuation model (the "Black-Scholes model"). The Black-Scholes model requires the input of subjective assumptions, including volatility, the expected term and the fair value of the underlying common stock on the date of grant, among other inputs. The Company recognizes any forfeitures as they occur.

Recent Accounting Pronouncements

The Company is an “emerging growth company,” as defined in Section 2(a) of the Securities Act of 1933, as amended, as modified by the Jumpstart Our Business Start-ups Act of 2012, (the “JOBS Act”). Section 107 of the JOBS Act provides that an emerging growth company can take advantage of the extended transition period provided in Section 13(a) of the Securities Exchange Act of 1934, as amended, for complying with new or revised accounting standards applicable to public companies. In other words, an emerging growth company can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies.

In December 2019, the FASB issued ASU 2019-12, “Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes.” ASU 2019-12 simplifies the accounting for income taxes by removing exceptions within the general principles of Topic 740 regarding the calculation of deferred tax liabilities, the incremental approach for intra-period tax allocation, and calculating income taxes in an interim period. In addition, the ASU adds clarifications to the accounting for franchise tax (or similar tax), which is partially based on income, evaluating tax basis of goodwill recognized from a business combination, and reflecting the effect of any enacted changes in tax laws or rates in the annual effective tax rate computation in the interim period that includes the enactment date. The ASU is effective for fiscal years beginning after December 15, 2020, and will be applied either retrospectively or prospectively based upon the applicable amendments. Early adoption is permitted. The Company is currently in the process of evaluating the impact of this guidance on our Condensed Consolidated Interim Financial Statements.

In June 2016, the FASB issued ASU 2016-13, “Financial Instruments - Credit Losses.” The standard, including subsequently issued amendments, requires a financial asset measured at amortized cost basis, such as accounts receivable and certain other financial assets, to be presented at the net amount expected to be collected based on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount. This ASU is effective for fiscal years beginning after December 15, 2023, and interim periods within those fiscal years, and requires the modified retrospective approach. Early adoption is permitted. Based on the composition of the Company’s trade receivables and other financial assets, current market conditions, and historical credit loss activity, the Company is currently in the process of evaluating the impact of this guidance on our Condensed Consolidated Interim Financial Statements.

In February 2016, the FASB issued ASU 2016-02, Leases, and has subsequently issued several supplemental and/or clarifying ASU’s (collectively, “Topic 842”), which requires a dual approach for lease accounting under which a lessee would account for leases as finance leases or operating leases. Both finance leases and operating leases may result in the lessee recognizing a right of use asset and a corresponding lease liability. For finance leases, the lessee would recognize interest expense and amortization of the right-of-use asset, and for operating leases, the lessee would recognize lease expense on a straight-line basis. The Company is currently in the process of evaluating the impact of this guidance on our Condensed Consolidated Interim Financial Statements

Related Party Transactions

None.

Financial Instruments

Fair Value

Our financial instruments consist of cash, accounts receivable, bank overdraft accounts payable and accrued liabilities, and notes payable. There are no significant differences between the carrying amounts of the items reported on the statements of financial position and their estimated fair values. Our risk exposures and their impact on our financial instruments are summarized below.

Liquidity Risk

We are exposed to liquidity risk. Liquidity risk is the exposure of our Company to the risk of not being able to meet our financial obligations as they fall due. Our approach to managing liquidity risk is to ensure that we will have sufficient liquidity to meet liabilities when due. Our future liquidity is dependent on factors such as the ability to generate cash from operations and to raise money through debt or equity financing.

Foreign Currency Risk

Foreign exchange risk arises from the changes in foreign exchange rates that may affect the fair value or future cash flows of our financial assets or liabilities.

BUSINESS

Overview

AgriFORCE Growing Systems Ltd. was incorporated as a private company by Certificate of Incorporation issued pursuant to the provisions of the British Columbia Business Corporations Act on December 22, 2017. The Company's registered and records office address is at Suite 600, 777 Hornby St., Vancouver, British Columbia, V6Z 1S4. On February 13, 2018, the Company changed its name from 1146470 B.C. Ltd to Canivate Growing Systems Ltd. On November 22, 2019 the Company changed its name from Canivate Growing Systems Ltd. to AgriForce Growing Systems Ltd.

Our Business

AgriFORCE is dedicated to transforming modern agricultural development through our proprietary patent pending facility design and automated growing system. Our methods are designed to produce high-quality, pesticide-free, locally cultivated crops – cost-effectively and with the ability to quickly scale, in virtually any climate. Designed to meet both European Union Good Manufacturing Practices standards and the United States Department of Agriculture organic equivalent, it paves the way to being the gold standard for controlled environment plant-based vaccine and pharmaceutical biomass production.

Traditional farming includes three fundamental approaches: outdoor, greenhouse and indoor. AgriFORCE introduces a unique fourth method, the AgriFORCE precision growth method, which is informed by cutting-edge science and leveraging the latest advances in artificial intelligence (AI) and Internet of Things (IoT).

With a carefully optimized approach to facility design, IoT, AI utilization, nutrient delivery, TC, and micro-propagation we have devised an intricate, scientific and high success-oriented approach that was designed to produce much greater efficacy yields using fewer resources. This decidedly efficient method is set to outperform traditional growing methods using a specific combination of new and traditional techniques required to attain this efficiency. We call it precision growth.

The AgriFORCE precision growth method focuses on addressing some of the most important legacy challenges in agriculture: environmental impact, operational efficiency and yield volumes.

Our approach presents a tremendous opportunity to positively disrupt all corners of the industry. The market size of just the nutraceutical and plant-based pharmaceutical and vaccine/therapeutics market is over \$500 billion. Including the traditional hydroponics high value crops and controlled-environment food markets, the addressable market approaches nearly \$1 trillion.

While our patent pending intellectual property initially targeted the hydroponics sector of high value crops to showcase its efficacy in a growing market, we are currently expanding operations to refine our technology and methodology for vegetables and fruit. Hydroponics was identified as an ideal sector to demonstrate proof of concept and has resulted in take or pay contracts for facilities which are expected to generate \$45 million per year in EBITDA once the facilities are in operation. We are now focused on evolving our IP and applying our precision growth method to other agricultural areas so that we can be a part of the solution in fixing the severe issues with the global food supply chain.

Our intellectual property combines a uniquely engineered facility design and automated growing system to provide a clear solution to the biggest problems plaguing most agricultural verticals. It delivers a clean, self-contained environment that maximizes natural sunlight and offers near ideal supplemental lighting. It also limits human intervention and – crucially – it was designed to provide superior quality control. It was also created to drastically reduce environmental impact, substantially decrease utility demands, as well as lower production costs, while still delivering daily harvests and a higher crop yield.

Plants grow most robustly and flavorfully in full natural sunlight. While it may seem counterintuitive to some, even the clearest of glass greenhouses inhibit the full light spectrum of the sun. However, new translucent and transparent membrane materials have emerged recently that enable the near-full-transmission of the sun's light spectrum.

Unlike plastic or glass, these new transparent membranes can help crops achieve their full genetic (and flavor) potential. Natural light also warms the microclimate when necessary, dramatically reducing heating energy requirements. And at times when the sun is not cooperating, advances in supplemental grow lighting can extend the plants' photoperiod – even beyond natural daylight hours – to maximize crop growth, quality, and time to harvest by up to 50% or better.

Greenhouses and vertical farms are also compromised by outdoor and human-introduced contamination. The new model relies on creating a sealed, cleanroom-like microclimate that keeps pests, pesticides and other pollutants outside.

Thanks to artificial intelligence, the Internet of Things, and similar advances, farmers can now benefit from highly automated growing systems that reduce human intervention and its associated costs. Finely tuned convective air circulation systems enable the microclimate to remain sealed and protected. Natural temperature regulation using sunlight and organic foam-based clouds can significantly reduce air-conditioning electricity requirements. Highly automated hydration, fertilization and lighting are all continuously optimized by machine learning.

This new model, which has been designed with more than three years of research and development, is set to be put into large scale practice when the first of three new grow facilities completes construction on a 41-acre site in Coachella, California, in the coming year. This unique approach, which included contributions from lighting experts who had previously worked at NASA sending plants into space, was developed to significantly improve local food security in an environmentally friendly way. It uses the best aspects of current growing methods – outdoor, greenhouse and indoor – and replaces their shortcomings with better technology and processes.

Any solution whether in agriculture, industry, or consumer goods is typically the integration of various disparate parts which, in and of themselves, require independent skill sets and levels of expertise to bring together the desired outcome. Controlled environment agriculture solutions such as our patent pending proprietary facility and automated grow system are no different. Centered around four pillars: facility and lighting; automation and AI; nutrients and fertigation and micropropagation and genetics, our business not only has a tremendous opportunity to grow organically by virtue of its existing contracts and a future pipeline of similar contracts, but also through accretive acquisitions.

The AgTech sector is severely underserved by the capital markets, and we see an opportunity to acquire global companies who have provided solutions to the industry and are leading innovation moving forward. We have created a separate corporate office to aggressively pursue such acquisitions. The robustness of engagement with potential targets has clearly confirmed belief and desire to be part of a larger integrated AgTech solutions provider, where each separate element of the business has its existing legacy business *and* can leverage across areas of expertise to expand their business footprint. We believe that there is currently no one that we are aware of who is pursuing this model in the US capital markets environment at this time.

Plant Based Vaccines for Covid-19

Our technology and grow houses may be modified to work with various plant based pharmaceutical crops. One timely and potentially life-saving application is to cultivate plants which can be used to produce vaccines for various diseases, and most currently relevant, Covid-19.

As research groups are developing vaccines to fight the pandemic, they need a method to produce these vaccines quickly, in large amounts and at a low cost. One potential solution is to use plants as bio-factories. The genes to produce the vaccine can be transferred quickly and temporarily to plants that can be grown and harvested using simple and safe farming techniques.

Genetically engineered plants have been used for more than 30 years to provide a platform for manufacturing biopharmaceuticals. A diverse group of biopharmaceuticals, including antibodies, vaccines, growth factors, and cytokines have been produced in plant systems. A recombinant enzyme produced in carrot cells, for example, has been approved by the U.S. Food and Drug Administration for replacement therapy treatment of Gaucher's disease, a genetic enzyme deficiency. The main advantages of plant-based platforms include their inability to replicate human pathogens. This requires less strident efforts to diminish the risk of contamination during the purification process. Plant-based platforms also require less sophisticated bioreactors for efficient synthesis of complex proteins.

Plant-based vaccines are gradually becoming a reality, although progress has been slower than expected. Slow progress is particularly true for the development of oral vaccines, with the main drawbacks being a poor characterization of antigen stability, bioavailability and reproducibility.

Injectable vaccines could be produced by using transient expression systems, which offer the highest protein yields and are already adopted at the industrial level to produce virus-like particle (VLPs) vaccines and other biopharmaceuticals under GMPC-processes.

Stably transformed plants are another option, but this approach requires more time for the development of antigen-producing lines. Nonetheless, this approach offers the possibility of developing oral vaccines in which the plant cell could act as the antigen delivery agent. This is the most attractive approach in terms of cost, easy delivery and neutralizing the pathogen before it can cause infection.

One of the significant challenges of plant-based pharmaceuticals including vaccines is the segregation of food and feed crops used as production hosts. This is particularly important for where there is a risk of admixture with commodities intended for food and feed. Therefore, it is not just the crop itself but the way in which it interacts with surrounding crops. Preventing the genetic mixing as a result of cross pollination, in large part can only be managed through the careful breeding, cloning and an enclosed facility. Although traditional greenhouses or indoor facilities could notionally provide some form of controlled environment, most do not meet Good Manufacturing Practices standards or are not designed to allow for the plant to achieve its full genetic potential/expression. GMP is a component of quality assurance that ensures that a pharmaceutical product or vaccine is manufactured to a quality appropriate for its intended use on a consistent basis. This means that the manufacturing process is completely defined, both in terms of materials and procedures. Appropriate certified facilities and equipment must be available, processes and analytical methods must be validated, and staff must be adequately trained.

In the case of terrestrial plants that are used to produce pharmaceuticals and vaccines, there are natural variations and inconsistencies in growth, soil and weather conditions that limit suitability. Furthermore, the location of crop production would have to be outside of the traditional food belt areas, which are typically the best conditions for growing crops, in order to avoid cross pollination and the contamination of food and feed crops. The production of crops (plant biomass) in a controlled environment in which conditions are optimized in a GMP compliant manner, from the genetic origination of material through to automated growing offers the best way to allow for plant based vaccine and pharmaceutical feed stock to be grown. Additionally, a self-contained facility that allows the plant biomass to be extracted and clarified on an as produced biomass daily basis offers tremendous scaling benefits, which are often cited as the reason for controlled environment solutions to be pursued. This allows the Company to pursue relationships with biotechnology and pharmaceutical companies who are currently pursuing plant based COVID vaccines and other plant-based pharmaceuticals and imbed downstream processing specific to their needs within the Company's facility design. This will allow for more efficient logistics and movement of product to the plant made pharmaceutical facility reducing some costs.

Based upon an initial analysis of notable plants (*Artemisia annua*, *Cocculus hirsutus*, *Nicotiana benthamiana*, *Solanum nigrum*, etc.) currently used in research, the Company has determined that the AgriFORCE Operations, Facilities, Systems, and Environment (four of the five factors in COFSE, our Crops, Ops, Facilities, Systems, Environment optimization strategy) can easily and readily optimize cultivation of the plants analyzed, as well as a wide range of other similar medicinal plants.

Plants identified by pharma companies in the future, that have other COFSE challenges, can certainly be cultivated and optimized in AgriFORCE facilities with minimal to moderate change in any of the factors, most likely the Systems (Automated Grow Systems) and achievable in a matter of months at nominal cost.

Although the design changes are seemingly quite straight forward, the Company does note that certain conditions or requirements may cause more extensive work and hence an impact on time and cost. Likewise, the integration of extraction and clarification may require specialized processes outside of the scope of what the Company is familiar with but would reasonably assume that its biotech and pharmaceutical customers would provide such expertise. It is the Company's belief that most of the impact on time and budget would not be considered material save and except that the urgency of the race to provide a vaccine for COVID could re-define materiality in the context of time.

AgriFORCE facilities development, fabrication, and construction is based upon "modular components and systems" in place and ready, prefabricated and shipped to site for most efficient assembly and commissioning. Due to the Company's foundational development strategy, these facilities can be strategically located and multiplied virtually anywhere in the US and Canada, ideally between 33°N -50°N latitudes. Therefore, the location, count, and schedule to deliver operational facilities is a matter of capital and time.

The Company is an agriculture-focused technology company that delivers innovative and reliable, financially robust solutions for high value crops through our proprietary facility design and automation IP to businesses and enterprises globally. The Company intends to operate in the plant based pharmaceutical, nutraceutical, and high value crop markets using its unique proprietary facility design and hydroponics based automated growing system that enable cultivators to effectively grow crops in a controlled environment. The Company calls its facility design and automated growing system the “AgriFORCE grow house”. The Company has designed its AgriFORCE grow house to produce in virtually any environmental condition and to optimize crop yields to as near their full genetic potential possible while substantially eliminating the need for the use of pesticides, fungicides and/or irradiation. The Company is positioned to deliver solutions to a growing industry where end users are demanding environmentally friendly and sustainable, controlled growing environments and processes. Its initial market focus will be for plant based vaccine materials and for the cultivation of cannabis and hemp in California that the Company believes will offer cannabis and hemp producers with a lower cost cultivation solution for the indoor production of premium quality medical and recreational cannabis due to a combination of higher crop quality and yields, and reduced operating costs and higher quality hemp for the production of CBD. The Company has designed its AgriFORCE grow house as a modular growing facility that it plans to build and license to licensed operators for the cultivation of cannabis or hemp. The AgriFORCE grow house incorporates a design and technology that is the subject of a provisional patent that the Company has submitted to the United States Patent and Trademark Office on March 7, 2019. On March 6, 2020, a New International Patent Application No. PCT/CA2020/050302 Priority Claim United States 62/815, 131 was filed. The Company’s IP can be adapted to a multitude of crops and required growing conditions where exacting environmental control and pharma grade equivalent cleanliness and processes are required to meet the highest cultivation standards. The Company’s IP and business is focused on four (4) key elements:

1) FACILITY AND LIGHTING DESIGN

- the facility utilizes a proprietary building envelope cladding system that allows virtually the full light spectrum and substantial portions of the UV light spectrum through it. It is fully sealed and utilizes positive air pressure exchange to creating a microclimate that optimizes temperature, humidity, CO₂, velocity, filtration and sanitation through the process of biomimicry.

- Advanced proprietary supplemental grow lighting tech achieving optimal luminous efficacy, spectrum, distribution characteristics, automated DLI management and fixture architecture.

2) AUTOMATION AND ARTIFICIAL INTELLIGENCE

- Proprietary automated grow system(s) and technology integrated through IOT and artificial intelligence.

- Self learning input factors to create the highest yield, lowest impact cultivation.

3) FERTIGATION AND NUTRIENTS

- white label and proprietary organic based blends/products tailored and focused on improved yields and reduced impact cultivation.

4) MICROPROPAGATION AND GENETICS

- Optimized cellular cloning and tissue culture process tailored to facility environment optimization to ensure enhanced solution specific genetic outcomes.

The Company will seek to enter into commercial arrangements wherein it can leverage the value of its intellectual property on a value-added basis to move away from traditional farming metrics. The Company has developed its first business model to achieve such value-added outcomes with respect to cannabis and hemp. The Company does not plan to cultivate cannabis or hemp and consequently does not have plans to obtain any licenses to grow or cultivate cannabis or hemp. Rather, it will provide its facilities to licensed operators who the Company refers to as its “Exclusive Independent Operators”, or “EIOs”. The EIOs will cultivate cannabis and hemp under the licenses that they obtain from the requisite governmental authorities under a series of agreements that the Company enters into with each EIO, which will include an intellectual property license agreement, a facility sub-lease and a services agreement. The Company plans to earn revenues from its AgriFORCE grow houses from a combination of license fees, lease payments and services fees that its EIOs will pay to use under agreements that the Company will enter into with the EIOs, as described below.

To maximize the AgriFORCE grow house’s production capacity, each AgriFORCE grow house will incorporate its own tissue culture laboratory for micropropagation, which will be integrated into the Company’s proprietary mechanized growing system. AgriFORCE’s micropropagation laboratories will enable the micropropagation of healthy plantlets that will then be transplanted and grown to maturity in its facilities.

The Company plans to execute its business plan in two distinct elements:

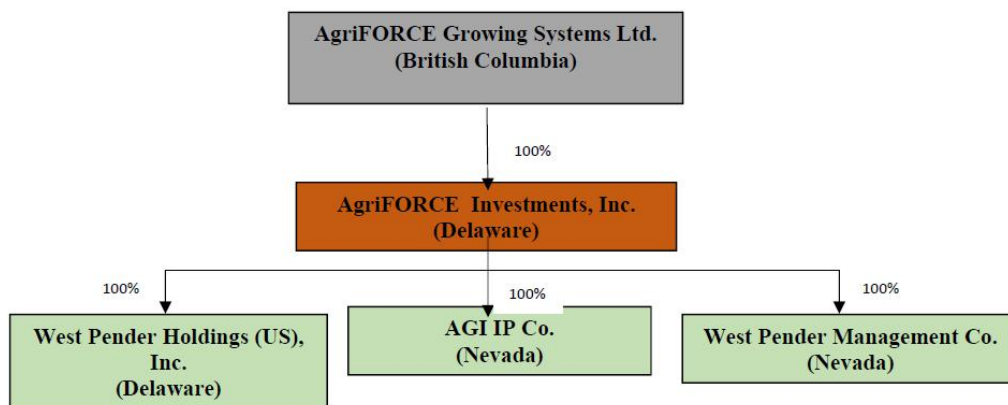
- First, the Company plans to manufacture and deploy its initial AgriFORCE micropropagation laboratories independently of its initial AgriFORCE grow house as a strategy to provide the Company with an initial revenue stream while it undertakes the necessary foundational work for the second element of the business plan, which is the construction of its AgriFORCE grow houses; and
- The second and principal element of the Company's business plan is to construct AgriFORCE grow houses and lease these facilities to third party EIO's who will license these facilities to cultivators for the cultivation of plant based pharmaceuticals, nutraceuticals, and other high value crops. The Company plans to enter into sub-lease agreements, intellectual property license agreements, and management services agreements with its EIOs that will provide the Company with an ongoing stream of revenues comprised of (i) rental payments, (ii) license fees, and (iii) management fees.

The Company's initial AgriFORCE grow houses are planned to be constructed in California.

Corporate Structure

The Company currently has the following wholly-owned subsidiaries:

Name of Subsidiary	Jurisdiction of Incorporation	Date of Incorporation
AgriFORCE Investments Inc. (US)	Delaware	April 9, 2019
West Pender Holdings, Inc.	Delaware	September 1, 2018
AGI IP Co.	Nevada	August 31, 2018
West Pender Management Co.	Nevada	July 9, 2019



Summary Three Year History

From the date of Incorporation (December 22, 2017) to the date of the Prospectus, the Company has largely been engaged in completion of its initial corporate organization, assembling its management team, completing the design and engineering of its IP and filing the appropriate intellectual property protection and taking the initial steps to implement its business plan through the commencement of initial operations in California. Significant milestones during this period are as follows:

- The Company completed its initial seed round financings in early 2018.
- From November 2018 to August 2019, the Company engaged architectural, lighting design, structural engineering and tensile structure engineering consultants to advance “Concept Solution” to an “Engineered Solution” for the AgriFORCE grow houses, and the Company’s consultants completed testing and verification of its proprietary solution, as described below in detail under “*Advancement from Concept Solution to Engineered Solution*”.
- In December 2018, the Company selected FabriTec as its primary contractor for the growing portion of the AgriFORCE grow houses, which will be constructed of tensile steel and the high strength flexible covering material.
- In January 2019, the Company received from FabriTec the initial engineering drawings for the greenhouse enclosure for the AgriFORCE grow house.
- In February 2019, the Company arranged for PharmHaus, as its initial EIO, to enter into three offtake agreements with well-known California high value crop producers for the potential offtake purchase of an aggregate of 19,500 kilograms of production, which has since been increased to 21,878 kilograms of production per year under a replacement offtake agreement executed in September 2019.
- On March 7, 2019, the Company filed an initial provisional patent application for the original concept related to the AgriFORCE grow house.
- In July 2019, the Company entered into a master “Design/ Build” construction contract with FabriTec for the construction of the greenhouse enclosure (subject to final agreement on pricing).
- In August 2019, the Company submitted an amended provisional patent application for its Structure Technology that reflects the “engineered solution” and related technology and intellectual property developed by the Company through the testing and verification process with FabriTec and the Company’s other architectural, engineering and technical consultants.
- On March 6, 2020, a New International Patent Application No. PCT/CA2020/050302 Priority Claim United States 62/815, 131 was filed. The Company’s IP can be adapted to a multitude of crops and required growing conditions where exacting environmental control and pharma grade equivalent cleanliness and processes are required to meet the highest cultivation standards.
- As of the date of this prospectus, the Company has substantially finalized the final design and engineering drawings for the AgriFORCE grow house.

Debt Financing

The Company signed a Term Sheet with Capital Funding Group on April 8, 2020 for the provision of debt related to the potential purchase of the 50 acre property in Coachella, CA and all site improvements and infrastructure. Since that time, the Company has entered into a land purchase and sale agreement on a 41.37 acres in Coachella, CA. Capital Funding Group has verbally agreed to apply the same funding framework to the Coachella, CA property as provided for in the Term Sheet. The terms of the debt are to provide 50% of the value of the land purchase price and 80% of the value of the site improvements and infrastructure. The value of the debt is expected to be approximately \$12,000,000. The interest rate applicable to the land purchase is 10.5% per annum and for the site improvements and infrastructure it is 15.5% annum. In order to complete the debt facility agreement, the Company will need to raise approximately \$4,500,000 in equity by October 13, 2020. The term of the loan is eighteen months. The Company expects to re-finance at the completion of the improvements and infrastructure through traditional lending sources. The Company is also in discussions with respect to debt financing for the grow house structure as well as the associated equipment including but not limited to the HVAC system and the automated growing system through the same debt broker used to secure the Capital Funding Group loan facility term sheet. Capital Funding Group has conditionally agreed to provide such debt financing subject to the completion of a completed development appraisal and final approval by its board of directors. There can be no assurance as to whether the Company will be able to secure further debt or secure such debt on commercially reasonable terms.

The Company's Initial California EIO (Exclusive Independent Operator)

The Company has selected PharmHaus, a private company that is arms-length to AgriFORCE, as its initial EIO. The Company has entered into each of the following agreements, on the terms outlined above, with PharmHaus as the EIO (the "**PharmHaus Agreements**"):

- Cultivation Facility Lease Agreement;
- IP License Agreement; and
- Management Services Agreement.

Under the PharmHaus Agreements, the Company is anticipating that approximately 90% of revenues, net of costs of goods sold and operator fees, derived by PharmHaus from its operations (after payment of operating fees/ expenses) will ultimately be paid to the Company through its wholly owned subsidiaries under the PharmHaus Agreements.

The Company assisted PharmHaus in entering into three offtake agreements (the "**PharmHaus Offtake Agreements**") representing the aggregate agreement to purchase an original minimum aggregate of 19,500 kilograms of production per year. Each PharmHaus Offtake Agreement is with a separate company. We refer to these companies as the "**Offtake Distributors**", as they will purchase and then distribute the high value crops produced at the initial PharmHaus facility. The Offtake Distributors are well established high value crop producers in the California marketplace. The PharmHaus Offtake Agreements were originally each for annual amounts of 6,500 kilograms per year, but one PharmHaus Offtake Agreement was replaced with an offtake agreement for 8,878 kilograms per year. The PharmHaus Offtake Agreements each provide that the Offtake Distributor will take and pay for the agreed minimal annual amount of production derived from the PharmHaus cultivation facility. Pricing will be based upon mutually agreeable published indices and benchmarks. In addition, the Offtake Distributor will have a right of first refusal to purchase additional product above the set minimum amount. The PharmHaus Offtake Agreements include agreements with respect to bonding to be provided by the Offtake Distributor, delivery and storage of products, title and risk of loss, events of default and representations and warranties. In September 2019, one of the offtake partners advised of their intent to withdraw from one of the PharmHaus Offtake Agreements. As a result, the initial offtake agreement with this offtake partner was terminated and a new offtake agreement for 8,878 kilograms of high value crops per year was entered into by PharmHaus with a company that is related to one of the other original offtake partners. According, the total minimum purchase agreement under the PharmHaus Offtake Agreements is now 21,878 kilograms of cannabis product per year.

In order to enable PharmHaus to operate the AgriFORCE grow houses and to deliver product under the PharmHaus Operating Agreements, PharmHaus has entered into operating agreements with each of the Offtake Distributors for the operation of the initial AgriFORCE grow houses to be constructed at the site (each a "**PharmHaus Operating Agreement**"). Under each PharmHaus Operating Agreement, the Offtake Distributor will be engaged as the operator of the cultivation facility and will agree to operate the facility in accordance with AgriFORCE's operating standards. PharmHaus will pay to the Offtake Distributor an operating fee equal to cost of goods sold plus 5%. The operating costs will be paid by PharmHaus using funds to be received from the sale of the high value crops sold to the Offtake Distributor under the relevant PharmHaus Offtake Agreement. Under the PharmHaus Operating Agreement, the Offtake Distributor will agree to transfer to PharmHaus any and all licenses, if required, related to the production of high value crops held by the Offtake Distributor in connection with the operation of the grow house. The PharmHaus Operating Agreement requires the Offtake Distributor, as operator, to comply with all applicable laws, licenses and permits in operating the facility and to confer with PharmHaus as to the high value crops grown, their genetic profiles and on their pricing when sold. The PharmHaus Operating Agreement will require the Offtake Distributor to pay for all operating costs of the facility and related business, with such costs ultimately being funded through payment by PharmHaus of the operating fee.

PharmHaus will be applying for the required governmental licenses and permits from the State of California and as required by local authorities in order to enable it to high value crops in accordance with any applicable California and local laws.

PharmHaus will require additional financing in order to achieve its business plan and objectives and in order to perform its contractual obligations under the Company's agreements with PharmHaus. There is no assurance that PharmHaus will obtain such funding, and if PharmHaus does not obtain funding or perform its obligation under its agreements with the Company, then the Company may have to terminate its series of agreements with PharmHaus and identify another EIO that is capable of advancing the business.

Micropropagation Laboratories

The Company has undertaken the steps described below in connection with the design and deployment of the Company's micropropagation laboratories. These laboratories will ultimately be deployed at the Company's AgriFORCE grow houses. However, the Company has identified a business opportunity through one of the PharmHaus's Offtake Distributors for deployment of the micropropagation laboratories for plantlet growth in advance of the completion of the initial AgriFORCE grow houses. The advantage of the Company for pursuing this opportunity is that it enables the Company to achieve initial revenues in advance of incurring the full construction expenditure required for the initial AgriFORCE grow houses, thereby providing internally generated funding for the Company's expenditures and tests of the micropropagation process with the selected plant strains:

- the Company has completed the evaluation of options for construction of the micropropagation facility;
- the Company has completed the determination of the most suitable low capital expenditure option providing mobility and flexibility;
- Acquired in-house expertise through Dr. Laila Benkrima, the Company's Chief Scientific Officer, who has a PhD from the University of Paris in horticulture with a specialization in tissue culture and the hybridization and selection of plant varieties and Susan Cooper Smith who has extensive experience in operating and managing commercial micropropagation laboratories and until recently acted as the Company's Director of Micropropagation before being laid off;
- completed the design of full facility and equipment scope and layout;
- identified potential vendors and receipt of final quotation; and
- Research and preparation for permitting and licensing requirements as well as identifying an operating location in connection with installation and operation of mobile laboratory.

Following these efforts, the Company has undertaken discussions with the PharmHaus Offtake Distributors as to deployment of micropropagation laboratory facility and sale of plantlets to the Offtake Distributors.

PharmHaus has entered into a binding memorandum of understanding dated September 12, 2019 (the "MOU") with one of the PharmHaus Offtake Distributors for sharing in the sale proceeds of the product grown in a new (mobile) micropropagation laboratory. Under the MOU, PharmHaus has agreed to exclusively supply the Offtake Distributor with product from the micropropagation laboratory, provided that PharmHaus may supply plantlets to other parties with the consent of the Offtake Distributor, with such consent not to be unreasonably withheld. PharmHaus will be responsible for all costs relating to the micropropagation laboratory and producing the plantlets, including licensing and operation expenses. Upon growth of plantlets in the laboratory, the plantlets will be transferred to the Offtake Distributor for growth into mature plants suitable for harvesting and commercial sales. The Offtake Distributor will be responsible for all costs of growing the plantlets and commercial sales, including licensing and operator expenses. All revenues received will be shared equally by the Offtake Distributor and PharmHaus. The MOU is contingent upon PharmHaus being able to obtain use of the micropropagation laboratory, which condition it intends to satisfy by entering into with the arrangements with the Company's operating subsidiaries described below. The MOU between PharmHaus and the Offtake Distributor contemplates the execution of a definitive agreement for this arrangement, but provides that the terms of the arrangement are legally binding on the parties pending finalization of the definitive agreement.

In order to enable PharmHaus to perform its obligations under the MOU, the Company will provide the micropropagation laboratories to PharmHaus under arrangements that will provide for rental fees, licensing fees and service fees being paid by PharmHaus to the Company's operating subsidiaries. These arrangements will be finalized once costing of the micropropagation laboratories has been completed and are expected to follow a similar structure to the leasing, licensing and service fee arrangements under the existing PharmHaus Agreements. The Company is presently proceeding with obtaining quotations for the manufacture of the micropropagation laboratories from the identified vendors in order that these laboratories can be constructed and rented to PharmHaus, with PharmHaus then being able to perform its obligations under the MOU.

Intellectual Property

The Company's intellectual property rights are important to its business. In accordance with industry practice, the Company protects its proprietary products, technology and its competitive advantage through a combination of contractual provisions and trade secret, copyright and trademark laws in Canada, the United States and in other jurisdictions in which it conducts its business. The Company also has confidentiality agreements, assignment agreements and license agreements with employees and third parties, which limit access to and use of its intellectual property.

Patent Applications

- Patent #1 STRUCTURES FOR GROWING PLANTS: On March 7, 2019, the Company filed a provisional patent application to the United States Patent and Trademark Office with respect to the original concept for the AgriFORCE cultivation facilities. On March 6, 2020, a New International Patent Application No. PCT/CA2020/050302 with a Priority Claim to United States 62/815, 131 was filed.
- Patent #2 AUTOMATED GROWING SYSTEMS: On August 26, 2019, the Company filed another provisional patent application for its Structure Technology that reflects the "engineered solution" and related intellectual property developed by the Company through the testing and verification process with FabriTec and its other architectural, engineering and technical consultants. On August 26, 2020, a New International Patent Application No. PCT/CA2020/051161 with a Priority Claim to United States 62/891,562 was filed.
- The Company's IP can be adapted to a multitude of crops and required growing conditions where exacting environmental control and pharma grade equivalent cleanliness and processes are required to meet the highest cultivation standards. The Structure Technology is designed to improve the structure of current greenhouses and provide a low-cost cultivation solution for the indoor production of high value crops. In addition, the Structure Technology incorporates use of transmissive panels to allow the full light spectrum of natural sunlight to penetrate the facility, enhancing plant growth. The Company is working on additional provisional patent applications with respect to its automated grow system and lighting systems which it intends to file in due course once sufficient design and engineering work is completed. Elements of the Company's automated growing system are included in its patent application; however, the Company intends to seek more specific protection related thereto.

Trademarks

Case Ref.	Official No.	Owner	Title	Case Status	Country	Property Type	Local Classes
56288979-12CA	1997835	AGRIFORCE GROWING SYSTEMS LTD.	AGRIFORCE	Application filed	Canada	Trademark	06, 19, 44
56288979-12EM	018243244	AGRIFORCE GROWING SYSTEMS LTD.	AGRIFORCE	Application filed	EUIPO	Trademark	06, 19, 44
56288979-12US	88/930218	AGRIFORCE GROWING SYSTEMS LTD.	AGRIFORCE	Suspended	United States	Trademark	06, 19, 44
56288979-13CA	2044675	AGRIFORCE GROWING SYSTEMS LTD.	FORCEFILM	Application filed	Canada	Trademark	06, 19, 44
56288979-13US	90/124842	AGRIFORCE GROWING SYSTEMS LTD.	FORCEFILM	Application filed	United States	Trademark	06, 19, 44
56288979-2CA	1934896	AGRIFORCE GROWING SYSTEMS LTD.	HYDROHAUS	Application filed	Canada	Trademark	06, 44
56288979-4CA	1934895	AGRIFORCE GROWING SYSTEMS LTD.	HYDROHOUSE	Application filed	Canada	Trademark	
56288979-5CA	1942554	AGRIFORCE GROWING SYSTEMS LTD.	PLANET LOVE	Application filed	Canada	Trademark	06, 19, 44
56288979-5MAP	1504091	AGRIFORCE GROWING SYSTEMS LTD.	PLANET LOVE	Registered	Madrid Protocol (TM)	Trademark	06, 19, 44
56288979-5US	79/274347	AGRIFORCE GROWING SYSTEMS LTD.	PLANET LOVE	Published	United States	Trademark	06, 19, 44
56288979-6CA	1942547	AGRIFORCE GROWING SYSTEMS LTD.	HYDROFILM	Application filed	Canada	Trademark	06, 19, 44
56288979-6MAP	1506916	AGRIFORCE GROWING SYSTEMS LTD.	HYDROFILM	Abandoned	Madrid Protocol (TM)	Trademark	06, 44
56288979-6US	79/275547	AGRIFORCE GROWING SYSTEMS LTD.	HYDROFILM	Abandoned	United States	Trademark	06, 44
56288979-8CA	1949210	AGRIFORCE GROWING SYSTEMS LTD.	CANIVATE	Application filed	Canada	Trademark	06, 44
56288979-8MAP	1494234	AGRIFORCE GROWING SYSTEMS LTD.	CANIVATE	Registered	Madrid Protocol (TM)	Trademark	06, 44
56288979-8US1	79/270262	AGRIFORCE GROWING SYSTEMS LTD.	CANIVATE	Published	United States	Trademark	06, 44
56288979-8US-1	87/657451		Opposition to CANNAVATION AWARDS	US Application 87/657451 abandoned June 8, 2020	United States	Trademark	06, 44
56288979-9CA	1949209	AGRIFORCE GROWING SYSTEMS LTD.	THE CANIVATE WAY	Application filed	Canada	Trademark	06, 44
56288979-9MAP	1494231	AGRIFORCE GROWING SYSTEMS LTD.	THE CANIVATE WAY	Registered	Madrid Protocol (TM)	Trademark	06, 44
56288979-9US1	79/270261	AGRIFORCE GROWING SYSTEMS LTD.	THE CANIVATE WAY	Published	United States	Trademark	06, 44

Our Competitive Conditions

Both Indoor and Greenhouse growing facilities have come to the forefront in recent years. With the advent of new business opportunities and the necessity and demand for increasing efficiency and yields, the facility design for both indoor and greenhouse has been significantly improved through advancing technologies and operational procedures, even more importantly in hybrid facility environments.

While Indoor (warehouse growing) has really come to interest primarily through the origination of the cannabis sector, in recent decades, the greenhouse industry has been transforming from small scale facilities used primarily for research and aesthetic purposes (i.e. botanic gardens) to significantly more large-scale facilities that compete directly with land-based conventional food and ornamental plant production. While indoor growing allows production throughout the year and in most geographical locations, the energy used for lighting and climate control is costly while those systems are critical to the success, efficiency and yield of the operation. Nowadays, in large part due to the tremendous recent improvements in growing technology, the industry is witnessing a blossoming like no time before. Greenhouses today are increasingly emerging that are large-scale, capital-infused, more resource conscientious and urban-centered.

A major part of this recent transformation in the greenhouse industry has been the rise of a technology-infused Smart Greenhouse Market. Smart Greenhouses feature new levels of technology and automated control systems that allow for further optimization of growing conditions. These technologies include LED grow-lights that provide energy efficient supplemental lighting during cloudy conditions and at night, as well as an array of smart sensors that can detect issues with plants or the growing environment as they arise and trigger responses from different control systems.

No matter the country or region, one universal trend is that modern greenhouses are moving closer to metropolitan areas and large transportation hubs. One reason for this shift is to locate closer to universities where research opportunities and skilled-labor abound. As greenhouses become more tech-heavy, having this close proximity to research institutions will continue to be an important factor in location.

As the market has grown dramatically, it has also experienced clear trends in recent years. Modern greenhouses are becoming increasingly tech-intensive, using LED lights and automated control systems to tailor optimal growing environments. Successful greenhouse companies are scaling significantly and locating their growing facilities near urban hubs to capitalize on the ever-increasing demand for local (sustainable, conscientious, nutritious) food, no matter the season. To accomplish these feats, the greenhouse industry is also becoming increasingly capital-infused, using venture funding and other sources to build out the infrastructure necessary to compete in the current market.

As the smart greenhouse market continues to expand, new technologies are also coming online that will shape the future of production. Like before, many of these technologies are being developed internally for the greenhouse industry in particular. However, perhaps recently more than ever, innovation is also coming from other sectors. From artificial intelligence to Solar PV, new technologies from a wide range of industries are now finding their way into the modern greenhouse.

Past and current deficiencies with indoor farming in general have already signaled two important messages. First, there is logical reasoning to support the argument that indoor ag will become the norm and play a vital role to our current food (water intensive, non-grain) landscape. It will not be an easy journey, but the industry is growing and evolving at a fascinating speed. Second, technology advancements play a key role in leading the industry to continue to mature and reach greater efficiencies, production, and profitability.

As the global population continues to grow, and resources like land, water and labor become more restricted, greenhouse (and hybrid) farming will be a dominant contributor for feeding global population that is just as important as land-based farming.

As a whole, the solutions provided to the agriculture industry have been driven by the integration of disparate components either lead by the major greenhouse vendors such as Kubo, Van der Hoeven, Certhon and Havecon or by major automation vendors such as Codema Systems or Ridder Group. This has resulted in fragmentation and sub-optimal IP that has not been fully integrated in a form as the Company is endeavoring to provide. Additionally, many solutions often are an amalgamation of disparate parts and vendors that are not necessarily optimized for a particular crop. In the indoor growing space, this is even more pronounced as the facility is often a simple warehouse which is in and of itself suboptimal and the draw backs are more pronounced. Often the integration is led by the cultivators themselves, who often do not possess the necessary skills to effectively manage such a process or it is led by one of the main vendors.

The future: hardware, software, & plant physiology

Currently innovation is steered by three main drivers: in-house development within companies, technology providers, and cross-industry pollination. New and upcoming companies have great potential to create innovative products. When companies showcase how their innovative technology can be applied, other companies can either adapt or further develop these ideas. There are also technology providers who specialize in specific areas of agtech. Through cross-industry pollination, we can acquire existing technology from other industries for use in greenhouse application.

Lighting/materials

Energy costs—primarily associated with lighting—are of major significance in the operation of a greenhouse facility. Lighting is a critical component for growing plants in fully closed environments because it is the primary energy input used by plants for photosynthesis. Light-emitting diodes (LEDs) were first adopted for indoor growing in the 1970s to supplement natural sunlight more efficiently than previously used incandescent bulbs. With the advancement of LED technology, the cost has dropped significantly over the last 10 years—specifically, LED lighting costs have halved, while their efficacy, or light energy, has more than doubled. We can expect costs to continue to drop as technology develops and this trend continues. Additionally, precise control of lighting can enable the discovery and dissemination of reproducible “light recipes” that are tailored to crops specifically grown indoors. These light recipes are being developed and used by cultivators to manipulate how plants grow, what they taste like, and their nutrient composition.

In addition to lighting, improvements related to materials can also help further efficiency. Companies like Soliculture, are paving the way for the new revolution of greenhouse materials. Their LUMO solar panel contains a low density of silicon photovoltaic (PV) strips arranged with space in between to allow light to transmit between the strips. A thin layer of luminescent material is adhered to the backside of the glass, enhancing light quality by converting green light to red light. Red light has the highest efficiency for photosynthesis in plants, and therefore this optimized light spectrum increases yield faster maturation rate, and has proven to be more disease resistance.

Data/AI

Artificial Intelligence is expected to grow significantly in the coming years, where humans are certainly not obsolete but essential in leading innovation to significantly enhance results. AI-powered tools are gaining popularity across several industries including agriculture. In the future, we can expect AI to be used in operations by means of automation and for predictive analytics.

Robots are increasingly replacing humans as we see more fully-automated operations. Robots excel at repetitive, precision mundane tasks such as seeding, weeding and harvesting. Start-up Iron Ox uses robots every step of the way from seed to harvest.

This allows allocation of resources elsewhere to focus on their overall production. Robotics also reduce labor costs while increasing efficiency. Currently farming is facing a labor shortage from reasons ranging from immigration policy to just a lack of desire to work in the industry. Robots can help fill in the gaps in missing labor.

AI and machine learning technologies are developed to integrate and deliver more precise control of comprehensive growing operations. AgTech company, Autogrow, provides intelligent automation systems including pH sensors, irrigation, and climate control products. Both hardware and software are improving to become more analytical to help detect and solve problems such as pest management, nutrient solution maintenance, and disease prevention.

Automation will become more feasible and available as AI technology improves and becomes less expensive. Reduced labor costs will allow product prices to decrease, making the demand for local food more accessible.

Biological Development

While improved environmental control and cultivation practices will undoubtedly lead to greater crop yields, biological alterations can more specifically tailor plants to growing environments and consumer needs. Indoor growing environments and processing facilities reduce the need for plant traits which provide stability in the face of environmental fluctuations, pests, pathogens, and post-harvest injury. New plant breeding techniques and genome-editing technologies such as CRISPR/Cas9 can be used to promote new plant traits focused on rapid plant growth, performance in low-light environments, plant stature, nutrition, and flavor. Coupling heightened environmental control with biological control also opens the door for variable gene expression under different growing conditions. This could lead to crop varieties that are distinct from their outdoor counterparts for new culinary applications and create unique markets for produce grown indoors.

Industrial synergies

With the rise of abundant tech providers and cross-disciplinary innovators, we can expect collaboration and knowledge sharing to become more common. In addition to delivering more effective indoor growing technologies, collaboration may also substantiate partnerships between companies which reduce their ecological footprints. For instance, co-locating greenhouses with industrial power plants can divert carbon dioxide and heat—by products of combustion—from the atmosphere to crops for photosynthesis enhancement and climate control. Furthermore, composted food waste may be diverted from landfills to fertilize crops in soil-based greenhouses. In the other direction, transparent solar panels may enable greenhouses to become net producers of energy to supply nearby buildings without sacrificing crop performance.

New technologies and ideas will better integrate ag businesses with the world around them, helping urban and industrial communities become more productive and sustainable.

Innovation in technology and practice will be the key drivers of new developments in indoor and greenhouse ag businesses. While these developments will be diverse and multidimensional, their effects will certainly be focused on improvements to the potential scale, efficiency, and quality of food of indoor agriculture. Following the greenhouse's historical trajectory, it is safe to assume its relevance to global food systems will continue to expand as we progress into the future.

Competitor Comparison

The Company believes that it has no direct competitors who provide a proprietary facility design and automated grow system as well as a system of operational process designed to optimize the performance of the Company's IP. On a broader basis, the competitive landscape includes greenhouse vendors, agriculture systems providers, automated grow system vendors, system/solutions consultants and cannabis and hemp companies themselves who are all trying to service the fast-growing market.

Employees

As of the date of this Prospectus, the Company has five employees and one consultant. Prior to COVID-19, the Company had eight employees and two key consultants. The Company also relies on consultants and contractors to conduct its operations. The Company anticipates that it will move back to pre-COVID -19 staffing levels upon completion of further financing and hopes that certain senior management personnel laid off previously will be available to re-join the Company. However, there can be no assurances that previous employees will be desirous of rejoining or available to rejoin the Company in which case the Company will likely need to incur recruitment costs to identify and recruit suitable personnel in key management positions.

Operations

The Company primary operating activities are in California. The Company's head office is located in Vancouver, British Columbia, Canada. The Company intends to open a project office near Coachella, CA and maintain an administrative office in Los Angeles. The Company also anticipated opening an office in Holland in the coming year upon completion of its financing. The Company also plans to deploy its initial AgriFORCE micropropagation laboratories and construct its initial AgriFORCE grow houses in the State of California.

Description of Property

The Company currently lease office space at 777 Hornby Street, Suite 600, Vancouver, B.C., V6Z 1S4 as its principal office. The Company believes these facilities are in good condition and satisfy its current operational requirements. The Company intends to seek additional leased space, as its business efforts increase and moves back to pre-COVID staffing levels.

MANAGEMENT

Name	Age	Position	Served Since
Ingo W. Mueller	55	Director, Chief Executive Officer, Disclosure Committee	December 2017
Donald Nicholson	80	Chairman, Director, Audit Committee, Disclosure Committee	July 2018
William J. Meekison	56	Director, Audit Committee Chair, Disclosure Committee	June 2019
David Welch	39	Director, Audit Committee	June 2019
Richard S. Wong	55	Chief Financial Officer	October 2018
Troy T. McClellan	58	Officer, Vice President Design & Construction, President Daybreak Ag Systems Ltd.	February 2018

Directors serve until the next annual meeting and until their successors are elected and qualified. Officers are appointed to serve for one year until the meeting of the Board of Directors following the annual meeting of shareholders and until their successors have been elected and qualified.

Ingo Wilhelm Mueller – Director and Chief Executive Officer

Mr. Mueller has been involved in the finance and advisory business for the past 25 years having been involved in the financing of companies and projects. Mr. Mueller is the founder and currently the CEO of the Company and has been responsible for the development of the Company's intellectual property, business model and financing. He is also currently the CEO of St. George Capital Corp. (since 1998), doing business as Capital Fusion Group, a private financial advisory firm. Mr. Mueller was Chairman and CEO of International Coal Company Ltd. from 2008-2010 before it was sold to London Mining plc, after which Mr. Mueller was named Chairman and CEO of London Mining Colombia Ltd. (2010 to 2012). Mr. Mueller was also the CEO and Chairman of WIGU City Edutainment Centers Plc (2014 to 2017). Mr. Mueller has a Bachelor Commerce (major in Finance and minor in Urban Land Economics) from the University of British Columbia.

Don Nicholson, Chairman, Director

Mr. Nicholson began his career as an engineer at Shell Canada Ltd. and went on to serve as President, Vice President and Chief Executive Officer of several multinational companies. Prior to his retirement, he acted as President of Pan Pacific Aggregates plc from January 2005 to August 2008.

Mr. Nicholson was responsible for executing major projects in the LNG, power generation, mining, nuclear, natural gas production, and pipeline construction industries. Prior to his retirement, he was a member of the Registered Professional Engineers of the Province of British Columbia, a Member of Prospector and Developers Association of Canada, of the Canadian Institute of Mining and Metallurgy, and the Institute of Corporate Directors of Canada. Mr. Nicholson earned a B.A. Sc., in Electrical Engineering at the University of British Columbia and a DIC in Automatic Control Systems at the Imperial College in London, England.

David Welch, Director

Mr. Welch is the founding partner at D|R Welch Law, a law firm in Los Angeles, California. He has a broad base of experience in representing clients in the areas of litigation, corporate governance and financing, intellectual property and regulatory advisement and defense. Mr. Welch also focuses on complex commercial transactions and finance. Mr. Welch obtained his Juris Doctorate degree from Loyola Law School and received his Bachelor of Arts in Political Science from the California State University, Fullerton. He is a member of the Los Angeles County and American Bar Associations.

William John Meekison, Director

Mr. Meekison is a career Chief Financial Officer and former investment banker. He has spent the last fifteen years serving in a variety of executive management and CFO roles with both private and public companies, currently as the CFO and Director of Exro Technologies Inc. (since October 2017), a technology company that creates energy management system, and CFO and Director of ArcWest Exploration Inc. (since December 2010), a mining exploration company in British Columbia. He is currently on the board of directors of Pike Mountain Minerals Inc. (since July 2018) and Quest Pharmatech Inc. (since November 2017). Prior to his position at Exro Technologies Inc., Mr. Meekison spent fifteen years in corporate finance with a focus on raising equity capital for North American technology companies, including nine years at Haywood Securities Inc. Mr. Meekison received his Bachelor of Arts from the University of British Columbia and is a Chartered Professional Accountant, Professional Logistician and Certified Investment Manager.

Richard Wong, Chief Financial Officer

Mr. Wong has over 25 years of experience in both start-up and public companies in the consumer goods, agricultural goods, manufacturing, and forest industries. Mr. Wong has also served as the CFO of Emerald Harvest Co., Dan-D Foods, Ltd., and was the Director of Finance and CFO of SUGOI Performance Apparel and had served positions at Canfor, Canadian Pacific & other Fortune 1000 companies. Mr. Wong is a Chartered Professional Accountant, and a member since 1999. Mr. Wong has a Diploma in Technology and Financial Management from the British Columbia Institute of Technology.

Troy McClellan, Vice President, Design and Construction

Mr. McClellan has focused on innovative design and construction technologies throughout his career. Most recently, Mr. McClellan was the VP Design and Development of MGM Macau. Previously, he was a Project Manager at Wynn Design & Development and a Design Manager at Universal Studios (Japan). Mr. McClellan is a registered professional architect and received his Master's Degree in Architecture from Montana State University

Our philosophy as to the structure of our management team is as follows:

Employee Title	Description of Employee Duties and Responsibilities
Chief Executive Officer (Ingo Mueller)	The Chief Executive Officer in partnership with the Board, is responsible for the success of the organization, making high-level decisions about the Company's policies and strategy. Together, the Board and CEO assure the accomplishment of the Company's vision and mission, and the accountability of the Company to its stakeholders and shareholders. The Board delegates responsibility for management and day-to-day operations to the CEO, and he has the authority to carry out these responsibilities, in accordance with the direction and policies established by the Board.
Chief Financial Officer (Richard Wong)	As a key member of the Executive team, the CFO reports to the CEO and assumes an overall strategic role in the Company. The CFO participates in driving the organization towards achieving its objectives whilst building the Finance and Administration function by demonstrating ethical leadership and business integrity. The CFO will ensure risk management is put in place with responsibility over internal controls to ensure transactions are done to prevent fraud while being cost efficient. In so doing, the incumbent will balance short term concerns and pressures, such as managing cash, liquidity and profitability with long-term vision and sustainable Company success. The CFO will work closely with the CEO and the rest of the Executive team to drive and manage change and innovation in a quickly evolving and changing industry landscape whilst fulfilling stewardship responsibilities. In so doing the CFO will ensure effective compliance and control and respond to regulatory developments and financial reporting obligations. Directly responsibility includes accounting, finance, forecasting, costing, property management, deal analysis and negotiations, compliance, financing and capital markets activities.
Vice-President of Design & Construction (Troy McClellan)	Reporting to the CEO, the Vice President, Design and Construction is responsible for establishing, implementing and enforcing of all aspects and activities of the Design and Construction group. Responsibilities will include; supporting and partnering with other executives and stakeholders to develop and implement a comprehensive development strategy to build the Company's facilities master plan both nationally and internationally, ensuring innovative, intelligently constructible LEED objective facilities, utilizing construction standardization and efficiency, ensuring best sustainability and HSE practices. The VP Design & Construction will oversee development and coordination of all AgriFORCE facilities, ensuring program and performance optimization, development schedule adherence and budget management based on the Company's capital investment program; and work closely with other executives to deliver on the Company's KPI, operational performance and specific programming direction to ensure focused, directed, timely project advancement.

Independent Directors (effective as of the date of our initial listing on NASDAQ)

The names, positions and ages of our independent directors (as defined by NASDAQ and SEC rules) as of the date of our initial listing on NASDAQ are as follows:

Name	Age	Position
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[To be added by amendment.]

Involvement in Legal Proceedings

To the best of our knowledge, during the past ten years, none of the following occurred with respect to a present or former director or executive officer of our Company: (1) any bankruptcy petition filed by or against such person or any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time; (2) any conviction in a criminal proceeding or being subject to a pending criminal proceeding (excluding traffic violations and other minor offenses); (3) being subject to any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court of any competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities or banking activities; (4) being found by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission (the "Commission") or the Commodities Futures Trading Commission to have violated a federal or state securities or commodities law, and the judgment has not been reversed, suspended or vacated; and (5) being the subject of, or a party to, any federal or state judicial or administrative order, judgment, decree or finding, not subsequently reversed, suspended or vacated, relating to an alleged violation of any federal or state securities or commodities law or regulation, law or regulation respecting financial institutions or insurance companies or law or regulation prohibiting mail or wire fraud or fraud in connection with any business entity; or (6) being the subject of, or a party to, any sanction or order, not subsequently reversed, suspended or vacated, of any self-regulatory organization (as defined in Section 3(a)(26) of the Securities Exchange Act of 1934, as amended), any registered entity (as defined in Section 1(a)(29) of the Commodity Exchange Act, as amended), or any equivalent exchange, association, entity or organization that has disciplinary authority over its members or associated persons.

Corporate Governance

The business and affairs of our Company are managed under the direction of the Board of Directors.

Term of Office

Directors serve until the next annual meeting and until their successors are elected and qualified. Officers are appointed to serve until the Company requires them to be replaced.

Director Independence

We use the definition of "independence" of The NASDAQ Stock Market to make this determination. We are not yet listed on NASDAQ, and although we use its definition of "independence," its rules are inapplicable to us until such time as we become listed on NASDAQ. NASDAQ Listing Rule 5605(a)(2) provides that an "independent director" is a person other than an officer or employee of our Company or any other individual having a relationship which, in the opinion of the Board of Directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. The NASDAQ rules provide that a director cannot be considered independent if:

- the director is, or at any time during the past three years was, an employee of our Company;
- the director or a family member of the director accepted any compensation from our Company in excess of \$120,000 during any period of 12 consecutive months within the three years preceding the independence determination (subject to certain exclusions, including, among other things, compensation for board or board committee service);
- a family member of the director is, or at any time during the past three years was, an executive officer of our Company;
- the director or a family member of the director is a partner in, controlling shareholder of, or an executive officer of an entity to which our Company made, or from which our Company received, payments in the current or any of the past three fiscal years that exceed 5% of the recipient's consolidated gross revenue for that year or \$200,000, whichever is greater (subject to certain exclusions);
- the director or a family member of the director is employed as an executive officer of an entity where, at any time during the past three years, any of the executive officers of our Company served on the compensation committee of such other entity; or
- the director or a family member of the director is a current partner of our Company's outside auditor, or at any time during the past three years was a partner or employee of our Company's outside auditor, and who worked on our Company's audit.

Under the following three NASDAQ director independence rules a director is not considered independent: (a) NASDAQ Rule 5605(a)(2)(A), a director is not considered to be independent if he or she also is an executive officer or employee of the corporation, (b) NASDAQ Rule 5605(a)(2)(B), a director is not considered independent if he or she accepted any compensation from our Company in excess of \$120,000 during any period of twelve consecutive months within the three years preceding the determination of independence, and (c) NASDAQ Rule 5605(a)(2)(D), a director is not considered to be independent if he or she is a partner in, or a controlling shareholder or an executive officer of, any organization to which our Company made, or from which our Company received, payments for property or services in the current or any of the past three fiscal years that exceed 5% of the recipient's consolidated gross revenues for that year, or \$200,000. Under such definitions, we have __ independent directors.

Family Relationships

The Chairman of the Board and the Chief Executive Officer have a family relationship as the Chairman is the stepfather of the Chief Executive Officer, although they do not live in the same household.

Board Committees

Our Board of Directors has no standing committees, except for an audit committee, which is non Nasdaq compliant. In connection with our application to list our common stock on NASDAQ, we have identified and will appoint the requisite number of independent directors required under the NASDAQ listing rules and to establish an Audit Committee, a Compensation Committee and a Nominating and Corporate Governance Committee, each comprised entirely of independent directors and otherwise Nasdaq-compliant, all effective as of the date of our initial listing on NASDAQ. We do not intend to take advantage of any transition periods permissible under the NASDAQ rules.

Audit Committee

Our Audit Committee will be comprised of three individuals, each of whom will be an independent director and at least one of whom will be an "audit committee financial expert," as defined in Item 407(d)(5)(ii) of Regulation S-K.

Our Audit Committee will oversee our corporate accounting, financial reporting practices and the audits of financial statements. For this purpose, the Audit Committee will have a charter (which will be reviewed annually) and perform several functions. The Audit Committee will:

- evaluate the independence and performance of, and assess the qualifications of, our independent auditor and engage such independent auditor;
- approve the plan and fees for the annual audit, quarterly reviews, tax and other audit-related services and approve in advance any non-audit service to be provided by our independent auditor;
- monitor the independence of our independent auditor and the rotation of partners of the independent auditor on our engagement team as required by law;
- review the financial statements to be included in our future Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q and review with management and our independent auditor the results of the annual audit and reviews of our quarterly financial statements; and
- oversee all aspects our systems of internal accounting control and corporate governance functions on behalf of the Board of Directors.

Compensation Committee

Our Compensation Committee will be comprised of three individuals, each of whom will be an independent director, all effective as of the date of our initial listing on NASDAQ.

The Compensation Committee will review or recommend the compensation arrangements for our management and employees and also assist our Board of Directors in reviewing and approving matters such as company benefit and insurance plans, including monitoring the performance thereof. The Compensation Committee will have a charter (which will be reviewed annually) and perform several functions.

The Compensation Committee will have the authority to directly engage, at our expense, any compensation consultants or other advisers as it deems necessary to carry out its responsibilities in determining the amount and form of employee, executive and director compensation.

Nominating and Corporate Governance Committee

Our Nominating and Corporate Governance Committee will be comprised of three individuals, each of whom will be an independent director, all effective as of the date of our initial listing on NASDAQ.

The Nominating and Corporate Governance Committee will be charged with the responsibility of reviewing our corporate governance policies and with proposing potential director nominees to the Board of Directors for consideration. This committee will also have the authority to oversee the hiring of potential executive positions in our Company. The Nominating and Corporate Governance Committee will have a charter (which will be reviewed annually) and perform several functions.

Director Independence

Our Board of Directors has reviewed the materiality of any relationship that each of our directors has with us, either directly or indirectly. Based on this review, our Board of Directors has determined that _____ are “independent directors” as defined in the NASDAQ Listing Rules and Rule 10A-3 promulgated under the Exchange Act.

Code of Ethics

We have adopted a written code of business conduct and ethics that applies to our directors, officers and employees, including our principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. Following the consummation of this offering, we will post a current copy of the code on our website, www.AgriFORCEGS.com. In addition, we intend to post on our website all disclosures that are required by law or the listing standards of NASDAQ concerning any amendments to, or waivers from, any provision of the code. The reference to our website address does not constitute incorporation by reference of the information contained at or available through our website, and you should not consider it to be a part of this prospectus.

Indemnification of Directors and Officers

The Registrant is subject to the provisions of the *Business Corporations Act* (British Columbia) (the “**Act**”) and the articles of the Registrant (the “**Articles**”) regarding indemnification of the Registrant’s directors and officers.

Indemnification under the Act

Under Section 160(a) of the Act, and subject to Section 163 of the Act, the Registrant may indemnify any eligible party (as defined in the Act) against all eligible penalties (as defined in the Act) to which the eligible party is or may be liable. Section 160(b) of the Act permits the Registrant to pay the expenses (as defined in the Act) actually and reasonably incurred by an eligible party after the final disposition of the eligible proceeding (as defined in the Act).

Under Section 159 of the Act:

- an “**eligible party**” means an individual who:
 - is or was a director or officer of the Registrant,
 - is or was a director or officer of another corporation (i) at a time when the corporation is or was an affiliate of the Registrant, or (ii) at the request of the Registrant, or
 - at the request of the Registrant, is or was, or holds or held a position equivalent to that of, a director or officer of a partnership, trust, joint venture or other unincorporated entity,

and includes, except in the definition of “eligible proceeding” and except in sections 163(1)(c) and (d) and 165 of the Act, the heirs and personal or other legal representatives of that individual;

- an “**eligible penalty**” is defined as a judgment, penalty or fine awarded or imposed in, or an amount paid in settlement of, an eligible proceeding;
- an “**eligible proceeding**” means a proceeding (as defined herein) in which an eligible party or any of the heirs and personal or other legal representatives of the eligible party, by reason of the eligible party being or having been a director or officer of, or holding or having held a position equivalent to that of a director or officer of, the Registrant or an associated corporation:
 - is or may be joined as a party, or
 - is or may be liable for or in respect of a judgment, penalty or fine in, or expenses related to, the proceeding;
- “**expenses**” are defined to include costs, charges and expenses, including legal and other fees, but does not include judgments, penalties, fines or amounts paid in settlement of any proceeding; and
- a “**proceeding**” includes any legal proceeding or investigative action, whether current, threatened, pending or completed.

Under Section 161 of the Act, the Registrant must, after the final disposition of an eligible proceeding, pay the expenses actually and reasonably incurred by the eligible party in respect of that proceeding if the eligible party (a) has not been reimbursed for those expenses, and (b) is wholly successful, on the merits or otherwise, in the outcome of the proceeding or is substantially successful on the merits in the outcome of the proceeding.

Under Section 162 of the Act, the Registrant may pay, as they are incurred in advance of the final disposition of an eligible proceeding, the expenses actually and reasonably incurred by an eligible party in respect of that proceeding; provided the Registrant must not make such payments unless it first receives from the eligible party a written undertaking that, if it is ultimately determined that the payment of expenses is prohibited by Section 163, the eligible party will repay the amounts advanced.

Under Section 163 of the Act, the Registrant must not indemnify an eligible party against eligible penalties to which the eligible party is or may be liable or pay the expenses of an eligible party in respect of that proceeding under Sections 160, 161 or 162 of the Act, as the case may be, if any of the following circumstances apply:

- if the indemnity or payment is made under an earlier agreement to indemnify or pay expenses and, at the time that the agreement to indemnify or pay expenses was made, the Registrant was prohibited from giving the indemnity or paying the expenses by its memorandum or articles;
- if the indemnity or payment is made otherwise than under an earlier agreement to indemnify or pay expenses and, at the time that the indemnity or payment is made, the Registrant is prohibited from giving the indemnity or paying the expenses by its memorandum or articles;
- if, in relation to the subject matter of the eligible proceeding, the eligible party did not act honestly and in good faith with a view to the best interests of the Registrant or the associated corporation, as the case may be; or
- in the case of an eligible proceeding other than a civil proceeding if the eligible party did not have reasonable grounds for believing that the eligible party's conduct in respect of which the proceeding was brought was lawful.

Under Section 163(2) of the Act, if an eligible proceeding is brought against an eligible party by or on behalf of the Registrant or by or on behalf of an associated corporation, the Registrant must not either indemnify the eligible party against eligible penalties to which the eligible party is or may be liable in respect of the proceeding, or, after the final disposition of an eligible proceeding, pay the expenses of the eligible party under Sections 160(b), 161 or 162 of the Act in respect of the proceeding.

Under Section 164 of the Act, despite any other provision of Division 5-*Indemnification of Directors and Officers and Payment of Expenses* under the Act and whether or not payment of expenses or indemnification has been sought, authorized or declined under such Division, the Supreme Court of British Columbia may, on application of the Registrant or an eligible party, may:

- order the Registrant to indemnify an eligible party against any liability incurred by the eligible party in respect of an eligible proceeding;
- order the Registrant to pay some or all of the expenses incurred by an eligible party in respect of an eligible proceeding;
- order the enforcement of, or any payment under, an agreement of indemnification entered into by the Registrant;
- order the Registrant to pay some or all of the expenses actually and reasonably incurred by any person in obtaining an order under this section; or
- make any other order the Court considers appropriate.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers or persons controlling us pursuant to the foregoing provisions, we have been informed that in the opinion of the Commission such indemnification is against public policy as expressed in the Securities Act and is therefore unenforceable.

Section 16(a) Beneficial Ownership Reporting Compliance

Since our common stock is not yet registered under Section 12 of the Exchange Act, our directors and executive officers and persons who beneficially own more than 10% of our common stock are not required to file with the Commission various reports as to their ownership of and activities relating to our common stock.

EXECUTIVE COMPENSATION

The following table summarizes compensation of our named executive officers, as of December 31, 2019 and 2018.

Summary Compensation Table

Name and position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)	Option Awards (\$)	Non-equity Incentive Plan Compensation (\$)	Non-qualified Incentive Plan Compensation (\$)	All Other Compensation (\$)	Total (\$)
Ingo W. Mueller, Chief Executive Officer	2019	100,031	60,291	-	-	-	-	61,421	188,583
	2018	43,292	-	-	134,635	-	-	89,678	244,452
Richard S. Wong, Chief Financial Officer	2019	90,673	-	-	31,256	-	-	63,697	198,336
	2018	-	-	-	1,104	-	-	49,420	50,524
Troy T. McClellan, Vice President Design & Construction	2019	77,861	45,218	-	-	-	-	86,668	164,529
	2018	-	-	-	60,232	-	-	89,720	149,952

Employment and Related Agreements

Except as set forth below, we currently have no other written employment agreements with any of our officers and directors. The following is a description of our current executive employment agreements:

Agreements with Our Named Executive Officers

We have entered into written employment agreements with each of our named executive officers, as described below. Each of our named executive officers has also executed our standard form of confidential information and invention assignment agreement.

Employment Agreement with Ingo Mueller

We have entered into an employment agreement with Mr. Mueller on July 1, 2019 that governs the terms of his employment with us as Chief Executive Officer which and shall thereafter continue unless and until such employment is earlier terminated by either party as hereinafter provided. Under the terms of this agreement, Mr. Mueller is entitled to an annual base salary of CDN\$150,000 beginning on July 1, 2019, eligible to receive payment of up to \$3,600 per annum, paid monthly, for medical expenses, and is subject to annual reviews where the Company at its discretion increase, but not decrease the Base Salary each year. The employment agreement also entitles Mr. Mueller to, among other benefits, the following compensation: (i) eligibility to receive an annual cash bonus of up to 100% of base salary; based on performance targets established by the Board from time to time at the sole discretion of the Board and as determined by the Compensation Committee commensurate with the policies and practices applicable to other senior executive officers of the Company; (ii) an opportunity to participate in any stock option, performance share, performance unit or other equity based long-term incentive compensation plan commensurate with the terms and conditions applicable to other senior executive officers and (iii) participation in health benefit plans, practices, policies and programs provided by the Company and its affiliated companies (including, without limitation, medical, prescription, dental, disability, employee life, group life, accidental death and travel accident insurance plans and programs) to the extent available to our other senior executive officers.

Executive Consulting Services Agreement with PSV Enterprises Corporation

We have also entered into an executive services agreement on July 1, 2019 with PSV Enterprises Corporation known as “Consulting Corp” where Mr. Mueller is a named executive providing services to the Company on behalf of PSV. The term of this Agreement will continue until such time as this Agreement is terminated by either party as hereinafter provided. Under the terms of this agreement, PSV is entitled to a monthly Base Fee of CDN\$6,250 beginning on July 1, 2019 plus applicable taxes. The Company and Consulting Corp will review, at least annually, the Base Fee payable to Consulting Corp from time to time during the continuance of this Agreement. The Company may, in its discretion, increase (but not decrease) the Base Fee depending on Consulting Corp performance of the Services and having due regard to the financial circumstances of the Company. Consulting Corp may receive, but is not guaranteed, an additional performance-based fee (a “**Performance Fee**”) based on performance targets established by the Board from time to time, provided that the setting of performance targets and the grant of any Performance Fee is at the sole discretion of the Board. The Executive, Ingo Mueller, and not Consulting Corp, will be eligible to participate in the Company’s stock option plan, as in effect from time to time. The Company will reimburse Consulting Corp for all pre-approved and reasonable travel (other than auto) and other out-of-pocket expenses incurred. Mr. Mueller is not an officer, director or shareholder of PSV.

Employment Agreement with Richard Wong

We have entered into an employment agreement with Mr. Wong on July 1, 2019 that governs the terms of his employment with us as Chief Financial Officer which and shall thereafter continue unless and until such employment is earlier terminated by either party as hereinafter provided. Under the terms of this agreement, Mr. Wong is entitled to an annual base salary of CDN\$236,500 beginning on July 1, 2019, and is subject to annual reviews where the Company at its discretion increase, but not decrease the Base Salary each year. The employment agreement also entitles Mr. Wong to, among other benefits, the following compensation: (i) eligibility to receive an annual cash bonus of up to 100% of base salary; based on performance targets established by the Board from time to time at the sole discretion of the Board and as determined by the Compensation Committee commensurate with the policies and practices applicable to other senior executive officers of the Company; (ii) an opportunity to participate in any stock option, performance share, performance unit or other equity based long-term incentive compensation plan commensurate with the terms and conditions applicable to other senior executive officers and (iii) participation in health benefit plans, practices, policies and programs provided by the Company and its affiliated companies (including, without limitation, medical, prescription, dental, disability, employee life, group life, accidental death and travel accident insurance plans and programs) to the extent available to our other senior executive officers.

Employment Agreement with Troy McClellan

We have entered into an employment agreement with Mr. McClellan from June 15, 2019 that governs the terms of his employment with us as Vice President Design & Construction which and shall thereafter continue unless and until such employment is earlier terminated by either party as hereinafter provided. Under the terms of this agreement, Mr. McClellan is entitled to an annual base salary of CDN\$202,500 beginning on June 15, 2019, and is subject to annual reviews where the Company at its discretion increase, but not decrease the Base Salary each year. The employment agreement also entitles Mr. McClellan to, among other benefits, the following compensation: (i) eligibility to receive an annual cash bonus of up to 100% of base salary; based on performance targets established by the Board from time to time at the sole discretion of the Board and as determined by the Compensation Committee commensurate with the policies and practices applicable to other senior executive officers of the Company; (ii) an opportunity to participate in any stock option, performance share, performance unit or other equity based long-term incentive compensation plan commensurate with the terms and conditions applicable to other senior executive officers and (iii) participation in health benefit plans, practices, policies and programs provided by the Company and its affiliated companies (including, without limitation, medical, prescription, dental, disability, employee life, group life, accidental death and travel accident insurance plans and programs) to the extent available to our other senior executive officers.

Potential Payments to Messrs. Mueller, Wong, McClellan, and PSV upon Termination or Change in Control

Pursuant to the employment and consulting agreements, regardless of the manner in which Messrs. Mueller, Wong, McClellan, and PSV's service terminates, each executive officer and consulting corporation is entitled to receive amounts earned during his term of service, including salary, other benefits, and for the consulting agreement a termination fee of six months of the Base Fee only. In addition, each of them is eligible to receive certain benefits pursuant to his agreement with us described above.

The Company is permitted to terminate the employment of Messrs. Mueller, Wong, McClellan, and the consulting agreement for the following reasons: (1) death, (2) Termination for Cause (as defined below) or (3) for no reason.

Each such officer is permitted Termination for Good Reason (as defined below) of such officer's employment. In addition, each such officer may terminate his or her employment upon written notice to the Company 30 days prior to the effective date of such termination and for the consulting agreement with PSV, sixty days.

In the event of such officer's Termination for Cause by the Company or the termination of such officer's employment as a result of such officer's resignation other than a Termination for Good Reason, such officer shall be provided certain benefits provided in the employment agreement and payment of all accrued and unpaid compensation and wages, but such officer shall have no right to compensation or benefits for any period subsequent to the effective date of termination.

Under the employment agreements, "Cause" means: any material breach of the employment agreement, and any act, omission, behavior, conduct or circumstance of the Executive that constitutes just cause for dismissal of the Executive at common law, including an act involving gross negligence, or willful misconduct, commission or a felony, becoming bankrupt, or any material omission in the performance of Services, or the doing or condoning any unlawful or manifestly improper act.

Involuntary Termination other than for Cause, Death or Voluntary Termination for Good Reason Following a Change of Control. If within twelve (12) months following a Change of Control, the officer's employment is terminated involuntarily by the Company other than for Cause, death, or by such officer pursuant to a Voluntary Termination for Good Reason, and such officer executes and does not revoke a general release of claims against the Company and its affiliates in a form acceptable to the Company, then the Company shall provide such officer with, among other benefits:

1. a lump sum payment in the amount equal to twelve months of the then Base Salary
2. any outstanding Vacation pay as at the Effective Date of Termination; and
3. any outstanding Expenses as at the Effective Date of Termination;

And maintain the Executive's then Group Benefits for a period of three months from the Effective Date of Termination;

Outstanding Equity Awards at December 31, 2019

Name	Number of securities underlying unexercised options (#) exercisable	Number of securities underlying unexercised options (#) unexercisable	Equity incentive plan awards: Number of securities underlying unexercised unearned options (#)	Option exercise price (\$)	Option expiration date
Ingo W. Mueller	712,500	237,500	-	0.26	Dec 21, 2024
Richard S. Wong	25,000	25,000	-	0.27	October 24, 2024
Richard S. Wong	100,000	100,000	-	0.38	June 10, 2025
Troy T. McClellan	318,750	106,250	-	0.26	Dec 21, 2024

Stock Option Plan

The Company adopted a stock option plan originally on December 12, 2018 (the “**Option Plan**”), as amended, under which the committee of the Board (the “**Committee**”) may from time to time in its discretion, grant to directors, officers, employees and consultants of the Company non-transferable options to purchase Shares. As of the date of this Prospectus, the Company has 6,979,361 stock options outstanding. The Option Plan was approved by the shareholders of the Company on June 10, 2019.

The principal purpose of the Option Plan is to advance the interests of the Company by encouraging the directors, employees and consultants of the Company and of its subsidiaries or affiliates, if any, by providing them with the opportunity, through options, to acquire Shares in the share capital of the Company, thereby increasing their proprietary interest in the Company, encouraging them to remain associated with the Company and furnishing them with additional incentive in their efforts on behalf of the Company in the conduct of its affairs.

Eligibility

Any officer, director, employee or consultant of the Company or its wholly-owned subsidiaries (each as described in the Option Plan and each, an “**Eligible Person**”) is eligible to receive Options under the Option Plan. The Committee has full and final authority to determine the Eligible Persons who are granted Options under the Option Plan and the number of Shares subject to each Option.

Shares Subject to Option Plan

The maximum number of Shares which may be available for issuance under the Option will not exceed 15% of the total number of Shares issued and outstanding from time to time. The Option Plan is an “evergreen plan” and accordingly, any issuance of Shares from treasury, including the issuances of Shares in respect of which Options are exercised, and any expired or cancelled Options, shall automatically replenish the number of Shares issuable under the Option Plan.

The maximum number of Shares which may be issued or reserved for issuance to any one Person (as described in the Option Plan), and companies wholly-owned by that Person, under the Option Plan within any 12-month period shall not exceed 5% of the issued and outstanding Shares, calculated on the date an Option is granted to such Person.

Limits with Respect to Consultants and Employees or Consultants engaged in Investor Relations Activities

The maximum number of Options which may be granted to any one consultant under the Option Plan within any 12-month period, must not exceed 2% of the issued and outstanding Shares, calculated at the date an Option is granted to such consultant (on a non-diluted basis).

The maximum number of Options which may be granted to employees or consultants engaged in investor relations activities under the Option Plan within any 12-month period, must not exceed 2% of the issued and outstanding Shares, calculated on the date an Option is granted to any such investor relations person (on a non-diluted basis).

Exercise of Options

The exercise price of Options issued may not be less than the “Market Value” (as described in the Option Plan) of the Shares at the time the Option is granted. In addition, the exercise price will not be lower than as permitted by applicable stock exchange policies.

Subject to the provisions of the Option Plan and the particular Option, an Option may be exercised, in whole or in part, by delivering a written notice of exercise to the Company along with payment in cash or certified cheque for the full amount of the exercise price of the Shares then being purchased.

Term and Expiry Date

The period within which Options may be exercised and the number of Options which may be exercised in any such period are determined by the Committee at the time of granting the Options provided, however, that the maximum term of any Options awarded under the Option Plan is ten (10) years. The term and expiry date of any Options granted to a Ten Percent Shareholder Participant (as defined in the Option Plan) shall not exceed five (5) years from the date of grant.

Vesting

All Options granted pursuant to the Option Plan will be subject to the vesting requirements imposed by the Board at the time of grant of the Options.

Termination of Options

An optionee who ceases to be an Eligible Person for any reason, other than as a result of having been dismissed for cause or as a result of the optionee's death, may exercise any vested and unexpired Options held by such optionee for a period of 30 days from the date of cessation (or until the normal expiry date of the Option rights of such optionee, if earlier), unless otherwise determined by the Committee and expressly provided for in the certificate representing the Options.

In the event of a death of the optionee during the currency of the optionee's Options, any Options theretofore granted to the optionee is exercisable by the optionee's lawful personal representatives, heirs or executors until the earlier of one (1) year after the date of death of such optionee and the expiry date of the Options.

If an optionee ceases to be an Eligible Person as a result of having been dismissed for cause, all unexercised Options of that optionee under the Option Plan shall immediately become terminated and shall lapse.

Non-Assignability and Non-Transferability

Options granted under the Option Plan will be non-assignable and non-transferable by an optionee other than pursuant to a will or by the laws of descent and distribution, and such Option shall be exercisable, during an optionee's lifetime, only by the optionee.

Adjustments in Shares Subject to Option Plan

The Option Plan contains provisions for the treatment of Options in the event of a reorganization, stock split, stock dividend, combination of shares, merger, consolidation, rights offering or any other change in the corporate structure or Shares of the Company. The Options granted under the Option Plan may contain such provisions as the Committee may determine with respect to adjustments to be made in the number and kind of Shares covered by such Options and in the exercise price in the event of such change.

The following table provides information with respect to options outstanding under our Plan:

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance
Equity compensation plans approved by security holders	6,979,361	\$ 0.28	100,000
Equity compensation plans not approved by security holders	-		-
Total	6,979,361	\$ 0.28	100,000

The purpose of our Plan is to attract and retain directors, officers, consultants, advisors and employees whose services are considered valuable, to encourage a sense of proprietorship and to stimulate an active interest of such persons in our development and financial achievements. The Plan will be administered by the Compensation Committee of our Board of Directors, once established, or by the full board, which may determine, among other things, the (a) terms and conditions of any option or stock purchase right granted, including the exercise price and the vesting schedule, (b) persons who are eligible to receive options and stock purchase rights and (c) the number of shares to be subject to each option and stock purchase right. The types of equity awards that may be granted under the Plan are: (i) incentive stock options ("ISOs") and non-incentive stock options ("Non-ISOs"); (ii) share appreciation rights ("SARs"); (iii) restricted shares, restricted share units (which are shares granted after certain vesting conditions are met) and unrestricted shares; (iv) deferred share units; and (v) performance awards.

Non-Employee Director Remuneration Policy

Upon listing on Nasdaq, that directors will be paid \$20,000 per annum plus a meeting allowance of \$1,000/day plus travel expenses and for directors who are committee members or hold the title of chairperson, the total compensation will be paid \$30,000 per annum. It is anticipated that these payments will all be made in cash.

Director Compensation

No annual compensation was paid to our employee directors for the fiscal year ended December 31, 2019.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

In computing the number and percentage of shares beneficially owned by a person, shares that may be acquired by such person within 60 days of the date of October 9, 2020 are counted as outstanding, while these shares are not counted as outstanding for computing the percentage ownership of any other person. Unless otherwise indicated, the principal address of each of the persons below is c/o AgriFORCE Growing Systems, Ltd.

	Common Shares	Options Granted vested within 60 days of offering	Warrants	Total	Percentage Beneficially Owned	
					Before Offering (1)	After Offering (2)
Directors and Officers:						
Ingo Mueller	3,377,143	67,846	-	3,444,989	9.0%	-
Don Nicholson	2,250,000	35,708	-	2,285,708	6.0%	-
John Meekison	-	34,819	-	34,819	0.1%	-
David Welch	62,500	29,463	-	91,963	0.1%	-
Richard Wong	50,000	46,425	-	96,425	0.1%	-
Troy McClellan	1,449,367	30,352	-	1,479,719	3.8%	-
All Officer and Directors as a						

	Common Shares	Options Granted vested within 60 days of offering	Warrants	Total	Percentage Beneficially Owned	
					Before Offering (1)	After Offering (2)
5% or Greater Beneficial Owners:						
Ingo Mueller	3,377,143	67,846	-	3,444,989	9.0%	-
Don Nicholson	2,250,000	35,708	-	2,285,708	6.0%	-
Roger Dent	2,027,000	-	925,000	2,952,925	5.4%	-
Fabrizio Carella	2,012,000	-	450,000	2,462,000	5.3%	-
Fevzi Ogelman	2,000,000	-	-	2,000,000	5.3%	-
Arni Johannson	4,000,000	-	-	4,000,000	10.6%	-
Block X Capital	1,626,904	-	2,506,904	4,133,808	11.0%	-

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

We have adopted a written related-person transactions policy that sets forth our policies and procedures regarding the identification, review, consideration and oversight of “related-party transactions.” For purposes of our policy only, and not for purposes of required disclosure, which will be all related party transactions, even if less than \$120,000, a “related-party transaction” is a transaction, arrangement or relationship (or any series of similar transactions, arrangements or relationships) in which we and any “related party” are participants involving an amount that exceeds \$120,000.

Transactions involving compensation for services provided to us as an employee, consultant or director are not considered related-person transactions under this policy. A related party is any executive officer, director or a holder of more than five percent of our common stock, including any of their immediate family members and any entity owned or controlled by such persons.

At present, while the policy has been established, our Board of Directors does not yet include any independent members and therefore no one has been appointed to the Nominating and Corporate Governance Committee. As a result, our Chief Financial Officer, Richard Wong, must present information regarding a proposed related-party transaction to our Board of Directors. Under the policy, where a transaction has been identified as a related-party transaction, Mr. Wong must present information regarding the proposed related-party transaction to our Nominating and Corporate Governance Committee, once the same is established, for review. The presentation must include a description of, among other things, the material facts, the direct and indirect interests of the related parties, the benefits of the transaction to us and whether any alternative transactions are available. To identify related-party transactions in advance, we rely on information supplied by our executive officers, directors and certain significant shareholders. In considering related-party transactions, our Nominating and Corporate Governance Committee will take into account the relevant available facts and circumstances including, but not limited to:

- whether the transaction was undertaken in the ordinary course of our business;
- whether the related party transaction was initiated by us or the related party;
- whether the transaction with the related party is proposed to be, or was, entered into on terms no less favorable to us than terms that could have been reached with an unrelated third party;
- the purpose of, and the potential benefits to us from the related party transaction;
- the approximate dollar value of the amount involved in the related party transaction, particularly as it relates to the related party;
- the related party’s interest in the related party transaction, and
- any other information regarding the related party transaction or the related party that would be material to investors in light of the circumstances of the particular transaction.

The Nominating and Corporate Governance Committee shall then make a recommendation to the Board, which will determine whether or not to approve of the related party transaction, and if so, upon what terms and conditions. In the event a director has an interest in the proposed transaction, the director must recuse himself or herself from the deliberations and approval.

Except as set forth below, we have not had any related party transactions, regardless of dollar amount:

- During the year ended December 31, 2018 a total of \$2,315 was included in the rent expense that was paid to Ingo Mueller, Chief Executive Officer of the Company.
- During the year ended December 31, 2018 the Company paid share issue costs amounting to \$9,261 to Don Nicholson, \$3,473 to Ingo Mueller, and \$11,577 to 1071269 BC Ltd.
- During the year ended December 31, 2019 and December 31, 2018 the Company paid \$186,971 and \$56,672, respectively, to our U.S. general counsel firm, D R Welch against legal services. An aggregate of 62,500 shares were issued to David Welch as part of the payment.
- During the year ended December 31, 2018 the Company paid \$52,578 for consulting services, to Edutainment Management Ltd. (HK), which is related to Chairman of the Board of Directors, Don Nicholson.
- During the year ended December 31, 2019 the Company paid \$17,271 for management services to First Liberty Power Corp., related to the Chairman of the Board of Directors, Don Nicholson.
- On April 30, 2019, a loan of \$18,625 (CAD \$25,000) bearing interest at 2% per annum was given to Ingo Mueller, Chief Executive officer for the purposes of obtaining corporate credit card. The loan was subsequently repaid on August 9, 2019 along with interest accrued.
- During the year ended December 31, 2019 the Company paid \$37,682 (2018: \$23,154) for consulting services to 0902550 BC Ltd. where Don Nicholson is the principal consultant.
- On May 1, 2019, the Company entered into a 12 months consulting agreement with Arni Johannson to provide Investor Relations services for a monthly fee of CAD \$10,000. As of June 30, 2020, the Company owed \$88,054 pursuant to the said agreement.
- During the year ended December 31, 2019 the company paid share issue costs amounting to \$2,355 to Enkoodabao LLC related to officer, Troy McClellan.

DESCRIPTION OF OUR SECURITIES

General

We have authorized unlimited shares of common stock and preferred stock.

Common Stock

As of the date of this prospectus, we had 37,699,645 shares of common stock issued and outstanding.

Voting

The holders of the common stock are entitled to one vote for each share held at all meetings of shareholders (and written actions in lieu of meeting). There is no cumulative voting. The holders of shares of common stock are entitled to dividends when and as declared by the Board of Directors from funds legally available therefor, and upon liquidation are entitled to share pro rata in any distribution to holders of common stock. There are no preemptive, conversion or redemption privileges, nor sinking fund provisions with respect to the common stock.

Series A Preferred Stock

Our preferred stock may be issued from time to time in one or more series. The Board of Directors is authorized to fix the number of shares of any series of preferred stock and to determine the designation of any such series. The Board of Directors is also authorized to determine or alter the rights, preferences, privileges, and restrictions granted to or imposed upon any wholly unissued series of preferred stock and, within the limits and restrictions stated in any resolution or resolutions of the Board of Directors originally fixing the number of shares constituting any series, to increase or decrease (but not below the number of shares of such series then outstanding) the number of shares of any such series subsequent to the issue of shares of that series.

As of the date of this prospectus, the Company has 10,729,425 issued and outstanding Series A Preferred Shares, with no par value. The preferred shareholder shall be entitled to receive a 12% dividend in specie consisting of Common Shares on each six-month anniversary of the Closing Dates i.e. May 2, 2019 for tranche 1 representing 6,866,800 preferred shares; and May 10, 2019 for tranche 2 representing 3,862,625 preferred shares.

Additionally, the principal amount of the Series A Preferred share along with any unpaid dividends will automatically convert into Common Shares upon the earlier of (i) the Company issuing Equity Securities in a transaction or series of related transactions resulting in aggregate gross proceeds of at least CAD \$5,000,000; (ii) the occurrence of a Liquidity Event; or (iii) at the Maturity Dates i.e. May 2, 2024 and May 10, 2024 for tranche 1 and tranche 2, respectively.

Securities Class	Number	Expiry	Conversion feature
\$0.35 CDN Common Share Warrants	160,000	December 21, 2021	Each warrant entitles holder to purchase One common share
\$0.35 CDN Common Share Warrants	80,000	January 21, 2022	Each warrant entitles holder to purchase One common share
\$0.50 CDN Common Share Warrants	300,000	October 15, 2021	Each warrant entitles holder to purchase One common share at CDN\$0.50 for three years, subject to acceleration of the expiry date upon the Company entering into one or more definitive offtake agreement or agreements.
\$0.50 CDN Common Share Warrants	2,511,427	December 21, 2021	Each warrant entitles holder to purchase One common share at CDN\$0.50 for three years, subject to acceleration of the expiry date upon the Company entering into one or more definitive offtake agreement or agreements.
\$0.50 CDN Common Share Warrants	1,000,000	January 16, 2022	Each warrant entitles holder to purchase One common share at CDN\$0.50 for three years, subject to acceleration of the expiry date upon the Company entering into one or more definitive offtake agreement or agreements.
\$2.00 CDN Common Share Warrants Tranche 1	7,428,080	May 2, 2024	Each warrant entitles holder to purchase One common share within 5 years, and is accelerated to 30 days expiry when stock trades for a minimum of CAD\$ 3 for 10 consecutive days
\$2.00 CDN Common Share Warrants Tranche 2	4,158,825	May 10, 2024	Each warrant entitles holder to purchase One common share within 5 years, and is accelerated to 30 days expiry when stock trades for a minimum of CAD\$ 3 for 10 consecutive days
\$2.00 CDN Common Share Warrants from convertible debentures	506,904	May 10, 2024	Each warrant entitles holder to purchase One common share within 5 years, and is accelerated to 30 days expiry when stock trades for a minimum of CAD\$ 3 for 10 consecutive days
16,145,236			

Securities Offered in this Offering

We are offering _____ Class A Units, each unit consisting of one share of our common stock and one Series A common warrant to purchase one share of our common stock and one Series B common warrant to purchase one share of our common stock. The share of common stock and accompanying common warrants included in each unit will be issued separately. Units will not be issued or certificated. We are also registering the shares of common stock included in the units and the shares of common stock issuable from time to time upon exercise of the warrants included in the units offered hereby. The description of our common stock is set forth above in this section. The following summary of certain terms and provisions of the warrants offered hereby is not complete and is subject to, and qualified in its entirety by the provisions of the form of warrant, which is filed as an exhibit to the registration statement of which this prospectus is a part. Except as otherwise specified, the terms apply to both the Series A Warrants and the Series B Warrants. Prospective investors should carefully review the terms and provisions set forth in the form of warrant.

Exercisability. The warrants are exercisable at any time after their original issuance and at any time up to the date that is five years after their original issuance for the Series A Warrants and one year after their original issuance for the Series B Warrants. The warrants will be exercisable, at the option of each holder, in whole or in part by delivering to us a duly executed exercise notice and, at any time a registration statement registering the issuance of the shares of Common Stock underlying the warrants under the Securities Act is effective and available for the issuance of such shares, or an exemption from registration under the Securities Act is available for the issuance of such shares, by payment in full in immediately available funds for the number of shares of Common Stock purchased upon such exercise. If a registration statement registering the issuance of the shares of Common Stock underlying the warrants under the Securities Act is not effective or available and an exemption from registration under the Securities Act is not available for the issuance of such shares, the holder may, in its sole discretion, elect to exercise the warrant through a cashless exercise, in which case the holder would receive upon such exercise the net number of shares of Common Stock determined according to the formula set forth in the warrant. No fractional shares of Common Stock will be issued in connection with the exercise of a warrant. In lieu of fractional shares, we will pay the holder an amount in cash equal to the fractional amount multiplied by the exercise price.

If, on any trading day after the three-month anniversary of the date of issuance of the Series B warrants, and ending on the 12-month anniversary of the date of issuance of the Series B warrants, the “market price” of a share of our common stock is less than \$____.00 (as adjusted for stock splits, stock dividends, extraordinary dividend recapitalization, reorganization, mergers and consolidation), then the holders of the Series B warrants may exercise the Series B warrants in a cashless exercise. This cashless exercise would permit such Series B warrant holder to obtain a number of shares of our common stock equal to:

$$A * (B - C) / C$$

Where A = the number of warrants being exercised, and

B = Warrant strike price, and

C = The greater of 20% of the per Unit price in this offering, and the market price of a share of our common stock

In the event that the number of shares for which Series B Warrants are exercisable exceeds the number of shares of common stock authorized for issuance under our certificate of incorporation, we will call a meeting of our stockholders and take other appropriate action to amend and restate our certificate of incorporation to increase the number of authorized shares to the level necessary to satisfy our obligations to the Series B warrant holders.

The following table shows the number of shares of common stock for which the Series B Warrants would be exercised in aggregate, based on hypothetical declines in the market price for our common stock based upon an assumed per Class A Unit price of \$_____.

Market Price	Number of Shares of Common Stock Issued Upon Exercise(1)
4.50	
2.50	
1.00	

Exercise Limitation. A holder will not have the right to exercise any portion of the warrant if the holder (together with its affiliates) would beneficially own in excess of 9.99% of the number of shares of our Common Stock outstanding immediately after giving effect to the exercise, as such percentage ownership is determined in accordance with the terms of the warrants.

Exercise Price. The exercise price per whole share of Common Stock purchasable upon exercise of the warrants is \$____ per share or 110 % of the public offering price of the unit for the Series A Warrants and \$____ per share or 100% of the public offering price per unit for the Series B Warrants. The exercise price is subject to appropriate adjustment in the event of certain stock dividends and distributions, stock splits, stock combinations, reclassifications or similar events affecting our Common Stock and also upon any distributions of assets, including cash, stock or other property to our stockholders.

Transferability. Subject to applicable laws, the warrants may be offered for sale, sold, transferred or assigned without our consent.

Exchange Listing. We have applied for the listing of the Series A Warrants offered in this offering on The NASDAQ Capital Market under the symbol “****W”, but the Series B Warrants will not trade on any exchange. No assurance can be given that such listing will be approved or that a trading market will develop.

Warrant Agent. The warrants will be issued in registered form under a warrant agency agreement between VStock _____ Transfer, LLC, as warrant agent, and us. The warrants shall initially be represented only by one or more global warrants deposited with the warrant agent, as custodian on behalf of The Depository Trust Company (DTC) and registered in the name of Cede & Co., a nominee of DTC, or as otherwise directed by DTC.

Fundamental Transactions. In the event of a fundamental transaction, as described in the warrants and generally including any reorganization, recapitalization or reclassification of our Common Stock, the sale, transfer or other disposition of all or substantially all of our properties or assets, our consolidation or merger with or into another person, the acquisition of more than 50% of our outstanding Common Stock, or any person or group becoming the beneficial owner of 50% of the voting power represented by our outstanding Common Stock, the holders of the warrants will be entitled to receive upon exercise of the warrants the kind and amount of securities, cash or other property that the holders would have received had they exercised the warrants immediately prior to such fundamental transaction.

Rights as a Stockholder. Except as otherwise provided in the warrants or by virtue of such holder’s ownership of shares of our Common Stock, the holder of a warrant does not have the rights or privileges of a holder of our Common Stock, including any voting rights, until the holder exercises the warrant.

Governing Law. The warrants and the warrant agency agreement are governed by New York law.

Equity Incentive Plan

The Company adopted a stock option plan originally on December 12, 2018 (the “**Option Plan**”), as amended, under which the committee of the Board (the “**Committee**”) may from time to time in its discretion, grant to directors, officers, employees and consultants of the Company non-transferable options to purchase Shares. As of the date of this Prospectus, the Company has 6,979,361 stock options outstanding. The Option Plan was approved by the shareholders of the Company on June 10, 2019.

The principal purpose of the Option Plan is to advance the interests of the Company by encouraging the directors, employees and consultants of the Company and of its subsidiaries or affiliates, if any, by providing them with the opportunity, through options, to acquire Shares in the share capital of the Company, thereby increasing their proprietary interest in the Company, encouraging them to remain associated with the Company and furnishing them with additional incentive in their efforts on behalf of the Company in the conduct of its affairs.

Eligibility

Any officer, director, employee or consultant of the Company or its wholly-owned subsidiaries (each as described in the Option Plan and each, an “**Eligible Person**”) is eligible to receive Options under the Option Plan. The Committee has full and final authority to determine the Eligible Persons who are granted Options under the Option Plan and the number of Shares subject to each Option.

Shares Subject to Option Plan

The maximum number of Shares which may be available for issuance under the Option will not exceed 15% of the total number of Shares issued and outstanding from time to time. The Option Plan is an “evergreen plan” and accordingly, any issuance of Shares from treasury, including the issuances of Shares in respect of which Options are exercised, and any expired or cancelled Options, shall automatically replenish the number of Shares issuable under the Option Plan.

The maximum number of Shares which may be issued or reserved for issuance to any one Person (as described in the Option Plan), and companies wholly-owned by that Person, under the Option Plan within any 12-month period shall not exceed 5% of the issued and outstanding Shares, calculated on the date an Option is granted to such Person.

Limits with Respect to Consultants and Employees or Consultants engaged in Investor Relations Activities

The maximum number of Options which may be granted to any one consultant under the Option Plan within any 12-month period, must not exceed 2% of the issued and outstanding Shares, calculated at the date an Option is granted to such consultant (on a non-diluted basis).

The maximum number of Options which may be granted to employees or consultants engaged in investor relations activities under the Option Plan within any 12-month period, must not exceed 2% of the issued and outstanding Shares, calculated on the date an Option is granted to any such investor relations person (on a non-diluted basis).

Exercise of Options

The exercise price of Options issued may not be less than the “Market Value” (as described in the Option Plan) of the Shares at the time the Option is granted. In addition, the exercise price will not be lower than as permitted by applicable stock exchange policies.

Subject to the provisions of the Option Plan and the particular Option, an Option may be exercised, in whole or in part, by delivering a written notice of exercise to the Company along with payment in cash or certified cheque for the full amount of the exercise price of the Shares then being purchased.

Term and Expiry Date

The period within which Options may be exercised and the number of Options which may be exercised in any such period are determined by the Committee at the time of granting the Options provided, however, that the maximum term of any Options awarded under the Option Plan is ten (10) years. The term and expiry date of any Options granted to a Ten Percent Shareholder Participant (as defined in the Option Plan) shall not exceed five (5) years from the date of grant.

Vesting

All Options granted pursuant to the Option Plan will be subject to the vesting requirements imposed by the Board at the time of grant of the Options.

Termination of Options

An optionee who ceases to be an Eligible Person for any reason, other than as a result of having been dismissed for cause or as a result of the optionee’s death, may exercise any vested and unexpired Options held by such optionee for a period of 30 days from the date of cessation (or until the normal expiry date of the Option rights of such optionee, if earlier), unless otherwise determined by the Committee and expressly provided for in the certificate representing the Options.

In the event of a death of the optionee during the currency of the optionee’s Options, any Options theretofore granted to the optionee is exercisable by the optionee’s lawful personal representatives, heirs or executors until the earlier of one (1) year after the date of death of such optionee and the expiry date of the Options.

If an optionee ceases to be an Eligible Person as a result of having been dismissed for cause, all unexercised Options of that optionee under the Option Plan shall immediately become terminated and shall lapse.

Non-Assignability and Non-Transferability

Options granted under the Option Plan will be non-assignable and non-transferable by an optionee other than pursuant to a will or by the laws of descent and distribution, and such Option shall be exercisable, during an optionee’s lifetime, only by the optionee.

Adjustments in Shares Subject to Option Plan

The Option Plan contains provisions for the treatment of Options in the event of a reorganization, stock split, stock dividend, combination of shares, merger, consolidation, rights offering or any other change in the corporate structure or Shares of the Company. The Options granted under the Option Plan may contain such provisions as the Committee may determine with respect to adjustments to be made in the number and kind of Shares covered by such Options and in the exercise price in the event of such change.

The following table provides information with respect to options outstanding under our Plan:

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance
Equity compensation plans approved by security holders	6,979,361	\$ 0.28	100,000
Equity compensation plans not approved by security holders	-		-
Total	6,979,361	\$ 0.28	100,000

The purpose of our Plan is to attract and retain directors, officers, consultants, advisors and employees whose services are considered valuable, to encourage a sense of proprietorship and to stimulate an active interest of such persons in our development and financial achievements. The Plan will be administered by the Compensation Committee of our Board of Directors, once established, or by the full board, which may determine, among other things, the (a) terms and conditions of any option or stock purchase right granted, including the exercise price and the vesting schedule, (b) persons who are eligible to receive options and stock purchase rights and (c) the number of shares to be subject to each option and stock purchase right. The types of equity awards that may be granted under the Plan are: (i) incentive stock options ("ISOs") and non-incentive stock options ("Non-ISOs"); (ii) share appreciation rights ("SARs"); (iii) restricted shares, restricted share units (which are shares granted after certain vesting conditions are met) and unrestricted shares; (iv) deferred share units; and (v) performance awards.

Transfer Agent

The transfer agent and registrar for our common stock is Odyssey Trust. The transfer agent's address is #323 409 Granville St., Vancouver, B.C. V6C 1T2, and its telephone number is +1 888 290-1175.

Listing

We have applied to have our common stock listed on NASDAQ under the symbol "****." In conjunction therewith, we have also applied to have the warrants listed on The NASDAQ Capital Market under the symbol "****W" and our Class A Units to be listed under the symbol "****U". The B Warrants will not be listed on any exchange. No assurance can be given that our application will be approved.

SHARES ELIGIBLE FOR FUTURE SALE

Future sales of substantial amounts of our common stock in the public market, including shares issued upon exercise of outstanding options and warrants, or the anticipation of these sales, could adversely affect prevailing market prices from time to time and could impair our ability to raise equity capital in the future.

Based on the number of shares of common stock outstanding as of October 9, 2020, upon the completion of this offering we will have _____ shares of common stock outstanding, assuming (1) no exercise of the underwriter's option to purchase additional shares of common stock and (2) no exercise of outstanding options or warrants. Of those shares, all of the shares sold in this offering will be freely tradable, except that any shares held by our "affiliates," as that term is defined in Rule 144 under the Securities Act, or Rule 144, may only be sold in compliance with the limitations described below.

Rule 144 The availability of Rule 144 will vary depending on whether restricted shares are held by an affiliate or a non-affiliate. In general, under Rule 144 as in effect on the date of this prospectus, a person who has beneficially owned restricted shares of common stock for at least six months would be entitled to sell their securities provided that (i) such person is not deemed to have been one of our affiliates at the time of, or at any time during the three months preceding, a sale and (ii) our Company is subject to the Exchange Act periodic reporting requirements for at least three months before the sale.

Persons who have beneficially owned restricted shares of common stock for at least six months but who are affiliates of our Company at the time of, or at any time during the three months preceding, a sale, would be subject to additional restrictions, by which such persons would be entitled to sell within any three-month period only a number of securities that does not exceed the greater of either of the following:

- 1% of the number of shares of common stock then outstanding; and
- if the shares of common stock are then traded on a national securities exchange, the average weekly trading volume of shares of common stock during the four calendar weeks preceding the filing of a notice on Form 144 with respect to the sale.

Lock-Up Agreements

Our directors and executive officers and our shareholders have agreed after the date of this prospectus, except with the prior written consent of the representative and subject to specified exceptions, we or it will not offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any shares of common stock or any securities convertible into or exercisable or exchangeable for shares of common stock, or enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the common stock subject to the schedule listed below. The Company is securing lock-up agreements in a form satisfactory to the underwriter from all officers, directors and shareholders to be entered into by and between each and the Underwriter based upon the schedule listed below which applies to each respective subscription price paid by each respective officer, director and or shareholder. Notwithstanding the provisions of the lock-up agreement, each officer director and shareholder will be subject to the provisions of Rule 144.

IP Acquisition Stock (include the \$.01 Founders Round):

Released immediately based upon the following schedule:

-Month 1:	1%
-Month 3:	1%
-Month 6:	2%
-Month 9:	3%
-Month 12:	3%
-Month 15:	20%
-Month 18:	20%
-Month 21:	25%
-Month 24:	25%

Founders Stock \$.025:

Released immediately based upon the following schedule:

-Month 1:	2%
-Month 3:	2%
-Month 6:	5%
-Month 9:	5%
-Month 12:	6%
-Month 15:	20%
-Month 18:	20%
-Month 21:	20%
-Month 24:	20%

Second Round of Seed Stock: \$.075

-Released immediately based upon the following schedule:

-Month 1:	2.5%
-Month 3:	2.5%
-Month 6:	6%
-Month 9:	6%
-Month 12:	8%
-Month 15:	25%
-Month 18:	25%
-Month 21:	25%

Third Round of Seed Stock: \$.35

Released immediately based upon the following schedule:

-Month 1:	7.5%
-Month 3:	7.5%
-Month 6:	10%
-Month 9:	20%
-Month 12:	25%
-Month 15:	30%

Options: \$.35

-Released immediately based upon the following schedule:

-Month 1:	7.5%
-Month 3:	7.5%
-Month 6:	10%
-Month 9:	20%
-Month 12:	25%
-Month 15:	30%

Fourth Round of Seed Stock: \$.50

-Released immediately based upon the following schedule

-Month 1:	10%
-Month 3:	10%
-Month 6:	15%
-Month 9:	25%
-Month 12:	30%
-Month 15:	10%

Fifth Round of Seed Stock: \$1.00

-Released immediately based upon the following schedule:

-Month 1:	10%
-Month 3:	10%
-Month 6:	25%
-Month 9:	25%
-Month 12:	30%

Warrants: \$2.00

-Released immediately based upon the following schedule:

-At Exercise:	25%
-Month 3:	25%
-Month 6:	25%
-Month 9:	25%

UNDERWRITING

_____ (the “Representative”) is acting as the underwriters. We have entered into an underwriting agreement dated June 16, 2020 with the Representative. Subject to the terms and conditions of the underwriting agreement, we have agreed to sell to each underwriter named below, and each underwriter named below has severally agreed to purchase, at the public offering price less the underwriting discounts set forth on the cover page of this prospectus, the number of Class A Units listed next to its name in the following table:

	Number of Class A Units

Total	

The underwriters are committed to purchase all of the Class A Units offered by us other than those covered by the over-allotment option described below, if it purchases any Class A Units. The obligations of the underwriters may be terminated upon the occurrence of certain events specified in the underwriting agreement. Furthermore, pursuant to the underwriting agreement, the underwriters’ obligations are subject to customary conditions, representations and warranties contained in the underwriting agreement, such as receipt by the underwriters of officers’ certificates and legal opinions.

We have agreed to indemnify the underwriters against specified liabilities, including liabilities under the Securities Act, and to contribute to payments the underwriters may be required to make in respect thereof.

The underwriters are offering the Class A Units, subject to prior sale, when, as and if issued to and accepted by it, subject to approval of legal matters by its counsel and other conditions specified in the underwriting agreement. The underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

Over-Allotment Option

We have granted a 45-day option to the underwriters, exercisable one or more times in whole or in part, to purchase up to an additional (i) _____ units or (ii) if _____, as representative of the underwriters, determines that the units shall detach and our shares of common stock and the warrants underlying the units shall begin to trade separately during such 45-day period, an additional _____ shares of common stock at a price of \$4.98 per share and/or _____ additional Series A Warrants at a price of \$0.01 per warrant and/or _____ Series B Warrants at a price of \$0.01 per warrant, less, in each case, the underwriting discounts and commissions, to cover over-allotments, if any.

Discounts

The following table shows the per unit and total underwriting discounts and commissions to be paid to the underwriters. Such amounts are shown assuming both no exercise and full exercise of the underwriters’ option to purchase additional shares.

	Per Unit	Total
		Without Option With Option
Public offering price	\$	\$
Underwriting discounts and commissions (8%)	\$	\$
Non-accountable expense allowance (1%) ⁽¹⁾	\$	\$
Proceeds, before expenses, to us	\$	\$

(1) The non-accountable expense allowance of 1% is not payable with respect to the shares and/or warrants sold upon exercise of the underwriters’ over-allotment option.

The underwriters propose to offer the units offered by us to the public at the public offering price set forth on the cover of this prospectus. In addition, the underwriters may offer some of the units to other securities dealers at such price less a concession of \$ _____ per unit. If all of the units offered by us are not sold at the public offering price, the Representative may change the offering price and other selling terms by means of a supplement to this prospectus.

We have agreed to pay the Representative a non-accountable expense allowance of 1% of the public offering price at the closing, excluding the over-allotment option.

We have also agreed to pay the following expenses of the Representative relating to the offering: (a) all filing fees and communication expenses associated with the review of this offering by FINRA; (b) all fees, expenses and disbursements relating to background checks of our officers and directors in an amount not to exceed \$15,000 in the aggregate; (c) all fees, expenses and disbursements relating to the registration, qualification or exemption of securities offered under the securities laws of foreign jurisdictions designated by the Representative, including the reasonable fees and expenses of the Representative's blue sky counsel; (d) up to \$20,000 of the Representative's actual accountable road show expenses for the offering; (e) fees for underwriter's counsel, not to exceed \$150,000; (f) the \$29,500 cost associated with the Underwriters' use of Ipreo's book building, prospectus tracking and compliance software for the offering; and (g) the costs associated with bound volumes of the public offering materials as well as commemorative mementos and lucite tombstones in an aggregate amount not to exceed \$5,000.

We estimate that the total expenses of the offering payable by us, excluding the total underwriting discount, will be approximately \$_____.

Discretionary Accounts

The underwriters do not intend to confirm sales of the securities offered hereby to any accounts over which it has discretionary authority.

Lock-Up Agreements

Pursuant to "lock-up" agreements, we, our executive officers and directors, and our shareholders, have agreed, subject to limited exceptions, without the prior written consent of the Representative not to directly or indirectly, offer to sell, sell, pledge or otherwise transfer or dispose of (or enter into any transaction or device that is designed to, or could be expected to, result in the transfer or disposition by any person at any time in the future of) any shares of our common stock, enter into any swap or other derivatives transaction that transfers to another, in whole or in part, any of the economic benefits or risks of ownership of shares of our common stock, make any demand for or exercise any right or cause to be filed a registration statement, including any amendments thereto, with respect to the registration of any shares of common stock or securities convertible into or exercisable or exchangeable for common stock or any other securities of our Company or publicly disclose the intention to do any of the foregoing, subject to customary exceptions, based upon releases schedules which apply to each subscription price paid for by the shareholder.

Representative's Warrants

We have agreed to issue to the Representative warrants to purchase up to a total of _____ shares of common stock (5% of the shares of common stock sold in this offering, excluding the over-allotment option). The warrants will be exercisable at any time, and from time to time, in whole or in part, during the four-year period commencing one year from the effective date of the offering, which period shall not extend further than five years from the effective date of the offering in compliance with FINRA Rule 5110(f)(2)(G). The warrants are exercisable at a per share price equal to 110 % of the public offering price per share in the offering. The warrants have been deemed compensation by FINRA and are therefore subject to a 180-day lock-up pursuant to Rule 5110(g)(1) of FINRA. The underwriter (or permitted assignees under Rule 5110(g)(1)) will not sell, transfer, assign, pledge, or hypothecate these warrants or the securities underlying these warrants, nor will they engage in any hedging, short sale, derivative, put, or call transaction that would result in the effective economic disposition of the warrants or the underlying securities for a period of 180 days from the date of this prospectus.

The exercise price and number of shares issuable upon exercise of the warrants may be adjusted in certain circumstances including in the event of a stock dividend, extraordinary cash dividend or recapitalization, reorganization, merger or consolidation.

Right of First Refusal

Until 24 months after the closing date of the offering, the Representative will have a right of first refusal to act as lead underwriter for any future public or private equity (a "Subject Transaction") offering during such 18-month period.

Electronic Offer, Sale and Distribution of Shares

A prospectus in electronic format may be made available on the websites maintained by one or more of the underwriters or selling group members. The Representative may agree to allocate a number of Class A Units to the underwriter and selling group members for sale to its online brokerage account holders. Internet distributions will be allocated by the underwriter and selling group members that will make internet distributions on the same basis as other allocations. Other than the prospectus in electronic format, the information on these websites is not part of, nor incorporated by reference into, this prospectus or the registration statement of which this prospectus forms a part, has not been approved or endorsed by us, and should not be relied upon by investors.

Determination of the Initial Public Offering Price

Prior to this offering, there has been no public market for our securities. The initial public offering price was determined through negotiations between us and the Representative. In addition to prevailing market conditions, the factors considered in determining the initial public offering price included the following:

- the information included in this prospectus and otherwise available to the Representative;

- the valuation multiples of publicly traded companies that the Representative believes to be comparable to us;
- our financial information;
- our prospects and the history and the prospects of the industry in which we compete;
- an assessment of our management, its past and present operations, and the prospects for, and timing of, our future revenues;
- the present state of our development and prevailing market conditions; and
- the above factors in relation to market values and various valuation measures of other companies engaged in activities similar to ours.

An active trading market for our common stock may not develop. It is also possible that, after the offering, the shares will not trade in the public market at or above the initial public offering price.

Stabilization

In connection with this offering, the underwriters may engage in stabilizing transactions, over-allotment transactions, syndicate-covering transactions, penalty bids and purchases to cover positions created by short sales.

- Stabilizing transactions permit bids to purchase securities so long as the stabilizing bids do not exceed a specified maximum, and are engaged in for the purpose of preventing or retarding a decline in the market price of the securities while the offering is in progress.
- Over-allotment transactions involve sales by the underwriters of securities in excess of the number of securities the underwriters are obligated to purchase. This creates a syndicate short position which may be either a covered short position or a naked short position. In a covered short position, the number of securities over-allotted by the underwriter is not greater than the number of securities that they may purchase in the over-allotment option. In a naked short position, the number of securities involved is greater than the number of securities in the over-allotment option. The underwriter may close out any short position by exercising its over-allotment option and/or purchasing securities in the open market.
- Syndicate covering transactions involve purchases of securities in the open market after the distribution has been completed in order to cover syndicate short positions. In determining the source of the securities to close out the short position, the underwriter will consider, among other things, the price of securities available for purchase in the open market as compared with the price at which they may purchase securities through exercise of the over-allotment option. If the underwriter sells more securities than could be covered by exercise of the over-allotment option and, therefore, have a naked short position, the position can be closed out only by buying securities in the open market. A naked short position is more likely to be created if the underwriter is concerned that after pricing there could be downward pressure on the price of the securities in the open market that could adversely affect investors who purchase in the offering.
- Penalty bids permit the Representative to reclaim a selling concession from a syndicate member when the securities originally sold by that syndicate member are purchased in stabilizing or syndicate covering transactions to cover syndicate short positions.

These stabilizing transactions, over-allotment transactions, syndicate covering transactions and penalty bids may have the effect of raising or maintaining the market price of our securities or preventing or retarding a decline in the market price of our securities. As a result, the price of our securities in the open market may be higher than it would otherwise be in the absence of these transactions. Neither we nor the underwriters make any representation or prediction as to the effect that the transactions described above may have on the price of our securities. These transactions may be effected on the NASDAQ Capital Market, in the over-the-counter market or otherwise and, if commenced, may be discontinued at any time.

Passive Market Making

In connection with this offering, underwriter and selling group members may engage in passive market making transactions in our securities on the NASDAQ Capital Market in accordance with Rule 103 of Regulation M under the Exchange Act, during a period before the commencement of offers or sales of the shares and extending through the completion of the distribution. A passive market maker must display its bid at a price not in excess of the highest independent bid of that security. However, if all independent bids are lowered below the passive market maker's bid, then that bid must then be lowered when specified purchase limits are exceeded.

Certain Relationships

The underwriters and their affiliates have provided, or may in the future provide, various investment banking, commercial banking, financial advisory, brokerage or other services to us and our affiliates for which services they have received, and may in the future receive, customary fees and expense reimbursement.

The underwriters and their affiliates may, from time to time, engage in transactions with and perform services for us in the ordinary course of its business for which they may receive customary fees and reimbursements of expenses. In the ordinary course of their various business activities, the underwriters and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own accounts and for the accounts of their customers and such investment and securities activities may involve securities and/or instruments of our Company. The underwriters and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Offer Restrictions Outside the United States

Other than in the United States, no action has been taken by us or the underwriters that would permit a public offering of the securities offered by this prospectus in any jurisdiction where action for that purpose is required. The securities offered by this prospectus may not be offered or sold, directly or indirectly, nor may this prospectus or any other offering material or advertisements in connection with the offer and sale of any such securities be distributed or published in any jurisdiction, except under circumstances that will result in compliance with the applicable rules and regulations of that jurisdiction. Persons into whose possession this prospectus comes are advised to inform themselves about and to observe any restrictions relating to the offering and the distribution of this prospectus. This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities offered by this prospectus in any jurisdiction in which such an offer or a solicitation is unlawful.

Australia

This prospectus is not a disclosure document under Chapter 6D of the Australian Corporations Act, has not been lodged with the Australian Securities and Investments Commission and does not purport to include the information required of a disclosure document under Chapter 6D of the Australian Corporations Act. Accordingly, (i) the offer of the securities under this prospectus is only made to persons to whom it is lawful to offer the securities without disclosure under Chapter 6D of the Australian Corporations Act under one or more exemptions set out in section 708 of the Australian Corporations Act, (ii) this prospectus is made available in Australia only to those persons as set forth in clause (i) above, and (iii) the offeree must be sent a notice stating in substance that by accepting this offer, the offeree represents that the offeree is such a person as set forth in clause (i) above, and, unless permitted under the Australian Corporations Act, agrees not to sell or offer for sale within Australia any of the securities sold to the offeree within 12 months after its transfer to the offeree under this prospectus.

Canada

The securities may be sold in Canada only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the securities must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Pursuant to section 3A.3 of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the underwriter is not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

China

The information in this document does not constitute a public offer of the securities, whether by way of sale or subscription, in the People's Republic of China (the "PRC") (excluding, for purposes of this paragraph, Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan). The securities may not be offered or sold directly or indirectly in the PRC to legal or natural persons other than directly to "qualified domestic institutional investors."

European Economic Area — Belgium, Germany, Luxembourg and Netherlands

The information in this document has been prepared on the basis that all offers of securities will be made pursuant to an exemption under the Directive 2003/71/EC ("Prospectus Directive"), as implemented in Member States of the European Economic Area (each, a "Relevant Member State"), from the requirement to produce a prospectus for offers of securities.

An offer to the public of securities has not been made, and may not be made, in a Relevant Member State except pursuant to one of the following exemptions under the Prospectus Directive as implemented in that Relevant Member State:

- (a) to legal entities that are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;
- (b) to any legal entity that has two or more of (i) an average of at least 250 employees during its last fiscal year; (ii) a total balance sheet of more than €43,000,000 (as shown on its last annual unconsolidated or consolidated financial statements) and (iii) an annual net turnover of more than €50,000,000 (as shown on its last annual unconsolidated or consolidated financial statements);

- (c) to fewer than 100 natural or legal persons (other than qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive) subject to obtaining the prior consent of our Company or any underwriter for any such offer; or
- (d) in any other circumstances falling within Article 3(2) of the Prospectus Directive, provided that no such offer of securities shall result in a requirement for the publication by our Company of a prospectus pursuant to Article 3 of the Prospectus Directive.

France

This document is not being distributed in the context of a public offering of financial securities (offre au public de titres financiers) in France within the meaning of Article L.411-1 of the French Monetary and Financial Code (Code monétaire et financier) and Articles 211-1 et seq. of the General Regulation of the French Autorité des marchés financiers (“AMF”). The securities have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France.

This document and any other offering material relating to the securities have not been, and will not be, submitted to the AMF for approval in France and, accordingly, may not be distributed or caused to be distributed, directly or indirectly, to the public in France.

Such offers, sales and distributions have been and shall only be made in France to (i) qualified investors (investisseurs qualifiés) acting for their own account, as defined in and in accordance with Articles L.411-2-II-2° and D.411-1 to D.411-3, D.744-1, D.754-1 and D.764-1 of the French Monetary and Financial Code and any implementing regulation and/or (ii) a restricted number of non-qualified investors (cercle restreint d’investisseurs non-qualifiés) acting for their own account, as defined in and in accordance with Articles L.411-2-II-2° and D.411-4, D.744-1, D.754-1 and D.764-1 of the French Monetary and Financial Code and any implementing regulation.

Pursuant to Article 211-3 of the General Regulation of the AMF, investors in France are informed that the securities cannot be distributed (directly or indirectly) to the public by the investors otherwise than in accordance with Articles L.411-1, L.411-2, L.412-1 and L.621-8 to L.621-8-3 of the French Monetary and Financial Code.

Ireland

The information in this document does not constitute a prospectus under any Irish laws or regulations and this document has not been filed with or approved by any Irish regulatory authority as the information has not been prepared in the context of a public offering of securities in Ireland within the meaning of the Irish Prospectus (Directive 2003/71/EC) Regulations 2005 (the “Prospectus Regulations”). The securities have not been offered or sold, and will not be offered, sold or delivered directly or indirectly in Ireland by way of a public offering, except to (i) qualified investors as defined in Regulation 2(1) of the Prospectus Regulations and (ii) fewer than 100 natural or legal persons who are not qualified investors.

Israel

The securities offered by this prospectus have not been approved or disapproved by the Israeli Securities Authority (the “ISA”), nor have such securities been registered for sale in Israel. The shares may not be offered or sold, directly or indirectly, to the public in Israel, absent the publication of a prospectus. The ISA has not issued permits, approvals or licenses in connection with the offering or publishing the prospectus; nor has it authenticated the details included herein, confirmed their reliability or completeness, or rendered an opinion as to the quality of the securities being offered. Any resale in Israel, directly or indirectly, to the public of the securities offered by this prospectus is subject to restrictions on transferability and must be effected only in compliance with the Israeli securities laws and regulations.

Italy

The offering of the securities in the Republic of Italy has not been authorized by the Italian Securities and Exchange Commission (Commissione Nazionale per le Società e la Borsa, “CONSOB”) pursuant to the Italian securities legislation and, accordingly, no offering material relating to the securities may be distributed in Italy and such securities may not be offered or sold in Italy in a public offer within the meaning of Article 1.1(t) of Legislative Decree No. 58 of 24 February 1998 (“Decree No. 58”), other than:

- to Italian qualified investors, as defined in Article 100 of Decree No. 58 by reference to Article 34-ter of CONSOB Regulation no. 11971 of 14 May 1999 (“Regulation no. 11971”) as amended (“Qualified Investors”); and
- in other circumstances that are exempt from the rules on public offer pursuant to Article 100 of Decree No. 58 and Article 34-ter of Regulation No. 11971 as amended.

Any offer, sale or delivery of the securities or distribution of any offer document relating to the securities in Italy (excluding placements where a Qualified Investor solicits an offer from the issuer) under the paragraphs above must be:

- made by investment firms, banks or financial intermediaries permitted to conduct such activities in Italy in accordance with Legislative Decree No. 385 of 1 September 1993 (as amended), Decree No. 58, CONSOB Regulation No. 16190 of 29 October 2007 and any other applicable laws; and
- in compliance with all relevant Italian securities, tax and exchange controls and any other applicable laws.

Any subsequent distribution of the securities in Italy must be made in compliance with the public offer and prospectus requirement rules provided under Decree No. 58 and the Regulation No. 11971 as amended unless an exception from those rules applies. Failure to comply with such rules may result in the sale of such securities being declared null and void and in the liability of the entity transferring the securities for any damages suffered by the investors.

Japan

The securities have not been and will not be registered under Article 4, paragraph 1 of the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948), as amended (the “FIEL”), pursuant to an exemption from the registration requirements applicable to a private placement of securities to Qualified Institutional Investors (as defined in and in accordance with Article 2, paragraph 3 of the FIEL and the regulations promulgated thereunder). Accordingly, the securities may not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan other than Qualified Institutional Investors. Any Qualified Institutional Investor who acquires securities may not resell them to any person in Japan that is not a Qualified Institutional Investor, and acquisition by any such person of securities is conditional upon the execution of an agreement to that effect.

Portugal

This document is not being distributed in the context of a public offer of financial securities (oferta pública de valores mobiliários) in Portugal, within the meaning of Article 109 of the Portuguese Securities Code (Código dos Valores Mobiliários). The securities have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in Portugal. This document and any other offering material relating to the securities have not been, and will not be, submitted to the Portuguese Securities Market Commission (Comissão do Mercado de Valores Mobiliários) for approval in Portugal and, accordingly, may not be distributed or caused to be distributed, directly or indirectly, to the public in Portugal, other than under circumstances that are deemed not to qualify as a public offer under the Portuguese Securities Code. Such offers, sales and distributions of securities in Portugal are limited to persons who are “qualified investors” (as defined in the Portuguese Securities Code). Only such investors may receive this document and they may not distribute it or the information contained in it to any other person.

Sweden

This document has not been, and will not be, registered with or approved by Finansinspektionen (the Swedish Financial Supervisory Authority). Accordingly, this document may not be made available, nor may the securities be offered for sale in Sweden, other than under circumstances that are deemed not to require a prospectus under the Swedish Financial Instruments Trading Act (1991:980) (Sw. lag (1991:980) om handel med finansiella instrument). Any offering of securities in Sweden is limited to persons who are “qualified investors” (as defined in the Financial Instruments Trading Act). Only such investors may receive this document and they may not distribute it or the information contained in it to any other person.

Switzerland

The securities may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange (“SIX”) or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering material relating to the securities may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering material relating to the securities have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of securities will not be supervised by, the Swiss Financial Market Supervisory Authority.

This document is personal to the recipient only and not for general circulation in Switzerland.

United Arab Emirates

Neither this document nor the securities have been approved, disapproved or passed on in any way by the Central Bank of the United Arab Emirates or any other governmental authority in the United Arab Emirates, nor have we received authorization or licensing from the Central Bank of the United Arab Emirates or any other governmental authority in the United Arab Emirates to market or sell the securities within the United Arab Emirates. This document does not constitute and may not be used for the purpose of an offer or invitation. No services relating to the securities, including the receipt of applications and/or the allotment or redemption of such shares, may be rendered within the United Arab Emirates by our Company.

No offer or invitation to subscribe for securities is valid or permitted in the Dubai International Financial Centre.

United Kingdom

Neither the information in this document nor any other document relating to the offer has been delivered for approval to the Financial Services Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the securities. This document is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of FSMA) in the United Kingdom, and the securities may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) received in connection with the issue or sale of the securities has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of FSMA does not apply to our company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this document relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

LEGAL MATTERS

The validity of the securities offered in this prospectus is being passed upon for us by Jolie Kahn, Esq..

EXPERTS

Our consolidated financial statements as of December 31, 2019 and 2018 and for the years then ended, included in this prospectus have been so included in reliance on the report of Marcum, LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We have filed with the Commission a registration statement on Form S-1 under the Securities Act with respect to the shares offered hereby. This prospectus, which is part of such registration statement, omits certain information, exhibits, schedules and undertakings set forth in the registration statement. For further information pertaining to us and our common stock, reference is made to the registration statement and the exhibits and schedules to the registration statement. Statements contained in this prospectus as to the contents or provisions of any documents referred to in this prospectus are not necessarily complete, and in each instance where a copy of the document has been filed as an exhibit to the registration statement, reference is made to the exhibit for a more complete description of the matters involved.

As a result of this offering, we will become subject to the information and reporting requirements of the Exchange Act and, in accordance with this law, we will file periodic reports, proxy statements and other information with the SEC. These periodic reports, proxy statements and other information will be available for inspection and copying at the Public Reference Room maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549 and the website of the SEC at www.sec.gov. We also maintain a website at www.AgriFORCE.com. After the closing of this offering, you may access our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act with the SEC free of charge at our website as soon as reasonably practicable after such material is electronically filed with, or furnished to, the SEC.

AGRIFORCE GROWING SYSTEMS, LTD.

**FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2019 AND 2018**

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders
of AgriFORCE Growing Systems, Ltd.



REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Shareholders and Board of Directors of
AgriFORCE Growing Systems, Ltd.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of AgriFORCE Growing Systems, Ltd. (the "Company") as of December 31, 2019 and 2018, the related consolidated statements of comprehensive loss, changes in shareholders' equity (deficiency) and cash flows for each of the two years in the period ended December 31, 2019, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2019 and 2018, and the consolidated results of its operations and its cash flows for each of the two years in the period ended December 31, 2019, in conformity with accounting principles generally accepted in the United States of America.

Explanatory Paragraph – Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As more fully described in Note 2, the Company has incurred significant losses and needs to raise additional funds to meet its obligations and sustain its operations. These conditions raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Basis for Opinion

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) ("PCAOB") and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. The Company is not



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required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Marcum LLP

Marcum LLP

We have served as the Company's auditor since 2020.

Costa Mesa, California

June 18, 2020



AGRIFORCE GROWING SYSTEMS LTD.
(formerly known as Canivate Growing Systems Ltd.)

CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
DECEMBER 31, 2019 AND 2018
EXPRESSED IN UNITED STATES DOLLARS**

AGRIFORCE GROWING SYSTEMS LTD.
CONSOLIDATED BALANCE SHEET
(Expressed in US dollars)

	Note	December 31, 2019	December 31, 2018
ASSETS			
Current			
Cash		\$ 2,158,891	\$ 79,015
Accounts receivable		47,697	36,874
Prepaid expenses and deposits	6	97,817	80,309
Total current assets		2,304,405	196,198
Property and equipment	4	\$ 35,611	\$ 27,909
Construction in progress	5	\$ 2,030,270	\$ -
Total assets		\$ 4,370,286	\$ 224,107
LIABILITIES AND EQUITY			
Current			
Accounts payable and accrued liabilities	7, 9	\$ 1,375,584	\$ 264,191
Total current liabilities		1,375,584	264,191
Total Liabilities		1,375,584	264,191
Commitments and contingencies	13		
Shareholders' equity (deficiency)			
Preferred Shares, no par value per share - unlimited shares authorized; 10,729,425 and nil shares issued and outstanding at December 31, 2019 and December 31, 2018, respectively.	8	\$ 6,717,873	\$ -
Common stock, no par value per share - unlimited shares authorized; 36,599,740 and 58,611,493 shares issued and outstanding at December 31, 2019 and December 31, 2018, respectively.	8	\$ 3,725,454	\$ 2,373,624
Additional paid-in-capital	8	726,356	208,321
Obligation to issue shares	8	12,463	126,606
Subscriptions receivable	8	-	(14,743)
Accumulated Deficit		(8,352,354)	(2,744,792)
Accumulated Other Comprehensive Income		164,910	10,900
Total shareholders' equity (deficiency)		2,994,702	(40,084)
Total liabilities and shareholders' equity (deficiency)		\$ 4,370,286	\$ 224,107

The accompanying notes are an integral part of these consolidated financial statements

AGRIFORCE GROWING SYSTEMS LTD.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in US dollars)
For the years ended December 31, 2019 and 2018

	<u>Note</u>	<u>2019</u>	<u>2018</u>
OPERATING EXPENSES			
Consulting	9	\$ 660,914	\$ 595,062
Depreciation	4	8,114	3,295
Foreign exchange		3,600	23,148
Office and administrative		201,327	87,282
Investor relations		617,053	47,317
Professional fees	10	605,099	275,044
Rent	10	181,666	113,598
Research and development	11	1,111,562	881,435
Share-based compensation	7,8	401,869	208,321
Shareholder and regulatory		95,037	173,824
Travel and entertainment		189,937	83,898
Wages and salaries	10	<u>1,042,968</u>	<u>252,568</u>
Net Loss		<u>\$ (5,119,146)</u>	<u>\$ (2,744,792)</u>
Dividend paid to preferred stock holders		\$ 488,416	\$ -
Net loss attributable to common shareholders		\$ (5,607,562)	\$ (2,744,792)
Other Comprehensive income (loss)			
Foreign currency translation		<u>\$ 154,010</u>	<u>\$ 10,900</u>
Comprehensive loss attributable to common shareholders		<u>\$ (5,453,552)</u>	<u>\$ (2,733,892)</u>
Basic and diluted net loss attributed to common share		<u>\$ (0.14)</u>	<u>\$ (0.07)</u>
Weighted average number of common shares outstanding – basic and diluted		<u>39,573,818</u>	<u>40,546,718</u>

The accompanying notes are an integral part of these consolidated financial statements.

AGRIFORCE GROWING SYSTEMS LTD.
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)
(Expressed in US dollars, except share numbers)

		Common Shares		Series A Preferred Shares							
	Note	# of Shares	Amount	# of Shares	Amount	Additional Paid-in- capital	Subscriptions Receivable	Obligation to issue shares	Accumulated Deficit	Accumulated other comprehensive loss	Total Shareholders' Deficiency
Balance, December 31, 2017		<u>1</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Shares issued for cash		28,311,492	1,688,225	-	-	-	(14,743)	-	-	-	\$ 1,673,482
Shares issued for IP technology	8c	25,500,000	479,884	-	-	-	-	-	-	-	\$ 479,884
Shares issued for consulting services		4,800,000	205,515	-	-	-	-	126,606	-	-	\$ 332,121
Share based compensation		-	-	-	-	208,321	-	-	-	-	\$ 208,321
Net loss		-	-	-	-	-	-	-	(2,744,792)	-	\$ (2,744,792)
Foreign currency translation		-	-	-	-	-	-	-	-	10,900	\$ 10,900
Balance, December 31, 2018		<u>58,611,493</u>	<u>\$ 2,373,624</u>	<u>-</u>	<u>\$ -</u>	<u>\$ 208,321</u>	<u>\$ (14,743)</u>	<u>\$ 126,606</u>	<u>\$ (2,744,792)</u>	<u>\$ 10,900</u>	<u>\$ (40,084)</u>
Balance, December 31, 2018		<u>58,611,493</u>	<u>\$ 2,373,624</u>	<u>-</u>	<u>\$ -</u>	<u>\$ 208,321</u>	<u>\$ (14,743)</u>	<u>\$ 126,606</u>	<u>\$ (2,744,792)</u>	<u>\$ 10,900</u>	<u>\$ (40,084)</u>
Shares issued for cash		1,175,000	325,689	10,218,500	7,493,249	105,847	14,743	-	-	-	7,939,528
Shares repurchased and cancelled		-	-	(25,000)	(19,144)	-	-	-	-	-	(19,144)
Shares cancelled for IP technology	8c	(25,500,000)	-	-	-	-	-	-	-	-	-
Shares Issued for Conversion of Convertible Debenture		506,904	377,921	-	-	-	-	-	-	-	377,921
Shares issued for consulting services		1,162,577	196,022	-	-	-	-	(114,143)	-	-	81,879
Shares issued for dividend on Preferred Shares		643,766	488,416	-	-	-	-	-	(488,416)	-	-
Share issue costs		-	(15,161)	535,925	(756,232)	(10,738)	-	-	-	-	(782,131)
Fair Value of Warrants		-	(21,057)	-	-	21,057	-	-	-	-	-
Share based compensation		-	-	-	-	401,869	-	-	-	-	401,869
Net loss		-	-	-	-	-	-	-	(5,119,146)	-	(5,119,146)
Foreign currency translation		-	-	-	-	-	-	-	-	154,010	154,010
Balance, December 31, 2019		<u>36,599,740</u>	<u>\$ 3,725,454</u>	<u>10,729,425</u>	<u>\$ 6,717,873</u>	<u>\$ 726,356</u>	<u>\$ -</u>	<u>\$ 12,463</u>	<u>\$ (8,352,354)</u>	<u>\$ 164,910</u>	<u>\$ 2,994,702</u>

The accompanying notes are an integral part of these consolidated financial statements.

AGRIFORCE GROWING SYSTEMS LTD.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in US Dollars)
For the years ended December 31, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	\$ (5,119,146)	\$ (2,744,792)
Non-cash items:		
Depreciation	8,114	3,295
Shares issued for IP technology	-	479,884
Share-based compensation	401,869	208,321
Shares issued for consulting services	57,603	332,121
Non-cash interest	5,203	-
Changes in non-cash working capital items:		
Accounts receivable	(10,823)	(36,874)
Prepaid expenses and deposits	(17,508)	(80,309)
Accounts payable and accrued liabilities	367,202	264,191
Net cash used in operating activities	<u>(4,307,486)</u>	<u>(1,574,163)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of equipment	(16,149)	(31,039)
Cash paid for construction in progress	(1,286,079)	-
Net cash used in investing activities	<u>(1,302,228)</u>	<u>(31,039)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	7,939,528	1,721,339
Share repurchased	(19,144)	-
Share issuance costs	(782,131)	(47,857)
Subscriptions received in advance	-	-
Proceeds from issuance of Convertible Debt	372,634	-
Net cash provided by financing activities	<u>7,510,887</u>	<u>1,673,482</u>
Effect of exchange rate changes on cash	178,703	10,735
Change in cash	2,079,876	79,015
Cash, beginning of period	79,015	-
Cash, end of period	<u>\$ 2,158,891</u>	<u>\$ 79,015</u>
Supplemental cash flow information:		
Cash paid during the period for interest	\$ -	\$ -
Cash paid during the period for income taxes	\$ -	\$ -
Supplemental disclosure of non-cash investing and financing transactions		
Fair Value of Warrants	\$ 21,057	\$ -
Shares issued for Consulting Services	\$ 196,022	\$ 205,515
Unpaid amount related to construction in progress included in accounts payable	\$ 744,191	\$ -
Conversion of Convertible Debt	\$ 377,921	\$ -
Shares issued for IP technology	\$ -	\$ 479,884

The accompanying notes are an integral part of these consolidated financial statements.

1. BUSINESS OVERVIEW

AgriFORCE Growing Systems Ltd. (the “Company”) was incorporated as a private company by Certificate of Incorporation issued pursuant to the provisions of the British Columbia Business Corporations Act on December 22, 2017. The Company’s registered and records office address is at 600-777 Hornby Street, Vancouver, British Columbia, Canada, V6Z 1S4. On February 13, 2018, the Company changed its name from 1146470 B.C. Ltd to Canivate Growing Systems Ltd. On November 22, 2019 the Company changed its name from Canivate Growing Systems Ltd. to AgriForce Growing Systems Ltd.

The Company is an innovative agriculture-focused technology company that delivers reliable, financially robust solutions for high value crops through our proprietary facility design and automation Intellectual Property to businesses and enterprises globally. The Company intends to operate in the plant based pharmaceutical, nutraceutical, and other high value crop markets using its unique proprietary facility design and hydroponics based automated growing system that enable cultivators to effectively grow crops in a controlled environment. The Company calls its facility design and automated growing system the “AgriFORCE grow house”. The Company has designed its AgriFORCE grow house to produce in virtually any environmental condition and to optimize crop yields to as near their full genetic potential possible whilst substantially eliminating the need for the use of pesticides and/or irradiation.

2. BASIS OF PREPARATION

Basis of presentation

The accompanying consolidated financial statements (the “financial statements”) have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

The financial statements and accompanying notes are the representations of the Company’s management, who is responsible for their integrity and objectivity. In the opinion of the Company’s management, the financial statements reflect all adjustments, which are normal and recurring in nature, necessary for fair financial statement presentation.

Principal of consolidation

Our consolidated financial statements include the accounts of our wholly owned subsidiaries. We consolidate variable interest entities (VIEs) when we have variable interests and are the primary beneficiary.

All inter-company balances and transactions have been eliminated on consolidation. These consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries:

Name of entity:	Country of Incorporation	Purpose	Date of Incorporation
AgriFORCE Growing Systems Ltd.	Canada	Parent Company	Dec 22, 2017
Canivate Growing Solutions Ltd.	Canada	Management Company	May 22, 2018
Canivate Growing Systems Ltd.	Canada	Intellectual Property Development	Dec 4, 2019
AgriFORCE Holdings Inc.	United States	Intellectual Property	Aug 31, 2018
West Pender Holdings, Inc.	United States	Real Estate Holding and Development Company	Sep 1, 2018
AgriFORCE Investments Inc.	United States	Holding Company	Apr 9, 2019
West Pender Management Co.	United States	Management Advisory Services	Jul 9, 2019

During the year ended December 31, 2019, AgriFORCE Investments Inc., West Pender Holdings, Inc. and AgriFORCE Holdings Inc., wholly owned subsidiaries of the Company, commenced operations and its financial results are consolidated into the results of the Company. All other subsidiaries have been created and did not have any operating activities or Financial Statements as at December 31, 2019.

Functional and Presentation Currency

The functional currency for each entity included in these consolidated financial statements is the currency of the primary economic environment in which the entity operates. These consolidated financial statements are presented in United States dollars ("U.S. dollars"). Currency conversion to U.S. dollars is performed in accordance with ASC 830, Foreign Currency Matters.

Use of Estimates

The preparation of our financial statements in accordance with U.S. generally accepted accounting principles requires us to make estimates and assumptions that affect the amounts reported in our consolidated financial statements and accompanying notes. Actual results could differ from these estimates and those differences could be material.

Going Concern

The Company has incurred substantial operating losses since its inception and expects to continue to incur significant operating losses for the foreseeable future. As reflected in the financial statements for the year ended December 31, 2019, the Company had a net loss of approximately \$5.1 million, approximately \$4.3 million of net cash used in operating activities, and the Company had working capital of approximately \$0.9 million.

The accompanying financial statements have been prepared on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. The financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might result from the outcome of this uncertainty. The Company is at the stage of development of its first facility. As such it is likely that additional financing will be needed by the Company to fund its operations and to develop and commercialize its technology. These factors raise substantial doubt about the Company's ability to continue as a going concern. For the next twelve months from issuance of these financial statements, the Company will seek to obtain additional capital through the sale of debt or equity financings or other arrangements to fund operations; however, there can be no assurance that the Company will be able to raise needed capital under acceptable terms, if at all. The sale of additional equity may dilute existing stockholders and newly issued shares may contain senior rights and preferences compared to currently outstanding shares of common stock. Issued debt securities may contain covenants and limit the Company's ability to pay dividends or make other distributions to stockholders. If the Company is unable to obtain such additional financing, future operations would need to be scaled back or discontinued. Due to the uncertainty in the Company's ability to raise capital, management believes that there is substantial doubt in the Company's ability to continue as a going concern for twelve months from the issuance of these condensed financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

Cash

The Company's cash consists of cash maintained in checking and interest-bearing accounts. The Company accounts for financial instruments with original maturities of three months or less at the date of purchase as cash equivalents. The Company held no cash equivalents as of December 31, 2019 and 2018.

Property and equipment

Property and equipment are initially recognized at acquisition cost or manufacturing cost, including any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by the Company's management. Property, plant and equipment are subsequently measured at cost less accumulated depreciation and impairment losses.

Depreciation is recognized on a straight-line basis to write down the cost less estimated residual value of computer equipment and furniture and fixtures. The following useful lives are applied:

Computer equipment	5 years
Furniture and fixtures	10 years

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognized in profit or loss within other income or other expenses.

Construction in progress includes construction progress payments, deposits, engineering costs, interest expense for debt financing on long-term construction projects and other costs directly related to the construction of the facilities. Expenditures are capitalized during the construction period and construction in progress is transferred to the relevant class of property and equipment when the assets are available for use, at which point the depreciation of the asset commences.

Impairment of Long-Lived Assets

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. In order to determine if assets have been impaired, assets are grouped and tested at the lowest level for which identifiable independent cash flows are available ("asset group"). An impairment loss is recognized when the sum of projected undiscounted cash flows is less than the carrying value of the asset group. The measurement of the impairment loss to be recognized is based on the difference between the fair value and the carrying value of the asset group. Fair value can be determined using a market approach, income approach or cost approach. The reversal of impairment losses is prohibited.

Revenue Recognition

The Company has not recorded any revenues since its inception. However, in the future, the Company expects to generate returns from any or all the revenue sources below from its customers:

- Rental income from facilities.
- Intellectual property income from the license of the facilities
- Management and advisory fees from management service contracts and

On January 1, 2018, the Company early adopted ASU No. 2014-09, *Revenue from Contracts with Customers* and all related amendments (“ASC 606” or “the new revenue standard”). ASC 606 is a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The new revenue standard is based on the principle that an entity should recognize revenue to depict the transfer of 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 or services. To achieve this core principle, ASC 606 provides that an entity should apply the following steps: (1) identify the contract(s) with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract and (5) recognize revenue when (or as) the entity satisfies a performance obligation. The new revenue standard also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, and costs to obtain or fulfill contracts. The Company will apply ASC 606 prospectively to all contracts.

Loss per Common Share

The Company presents basic and diluted loss per share data for its common shares. Basic loss per common share is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted loss per common share is calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all potentially dilutive share equivalents, such as stock options and warrants and assumes the receipt of proceeds upon exercise of the dilutive securities to determine the number of shares assumed to be purchased at the average market price during the year. Diluted net loss attributable to common shareholders per share does not differ from basic net loss attributable to common shareholders per share for the years ended December 31, 2019 and December 31, 2018, since the effect of the Company’s stock options and warrants are anti-dilutive.

Research and development

Expenditure on research and development activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized as expense when incurred.

Foreign currency transactions

The financial statements of the Company and its subsidiaries whose functional currencies are the local currencies are translated into U.S. dollars for consolidation as follows: assets and liabilities at the exchange rate as of the balance sheet date, stockholders’ equity at the historical rates of exchange, and income and expense amounts at the average exchange rate for the period. Translation adjustments resulting from the translation of the subsidiaries’ accounts are included in “Accumulated other comprehensive income” as equity in the consolidated balance sheets. Transactions denominated in currencies other than the applicable functional currency are converted to the functional currency at the exchange rate on the transaction date. At period end, monetary assets and liabilities are remeasured to the reporting currency using exchange rates in effect at the balance sheet date. Non-monetary assets and liabilities are remeasured at historical exchange rates. Gains and losses resulting from foreign currency transactions are included within operating expenses.

Fair value measurement

Pursuant to the provisions of Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures (ASC 820), the Company measures certain assets and liabilities at fair value or discloses the fair value of certain assets and liabilities recorded at cost in the consolidated financial statements. Fair value is calculated as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). ASC 820 establishes a fair value hierarchy which requires assets and liabilities measured at fair value to be categorized into one of three levels based on the inputs used in the valuation. The Company classifies assets and liabilities in their entirety based on the lowest level of input significant to the fair value measurement.

The three levels are defined as follows:

- Level 1: Observable inputs based on quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Observable inputs, other than those included in Level 1, based on quoted prices for similar assets and liabilities in active markets, or quoted prices for identical assets and liabilities in inactive markets.
- Level 3: Unobservable inputs that reflect an entity's own assumptions about what inputs a market participant would use in pricing the asset or liability based on the best information available in the circumstances.

Transfers between levels of the fair value hierarchy are deemed to have occurred at the end of the reporting period in which the event or change of circumstances caused the transfer to occur.

The Company's financial instruments consist principally of cash, accounts receivable, accounts payable and accrued liabilities. We believe that the recorded values of all of our other financial instruments approximate their current fair values because of their nature and respective maturity dates or durations.

Income tax

Current tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted at period-end.

Deferred tax assets, including those arising from tax loss carryforwards, requires management to assess the likelihood that the Company will generate sufficient taxable earnings in future periods in order to utilize recognized deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted.

The Company operates in various tax jurisdictions and is subject to audit by various tax authorities.

The Company records uncertain tax positions based on a two-step process whereby (1) a determination is made as to whether it is more likely than not that the tax positions will be sustained based on the technical merits of the position and (2) for those tax positions that meet the more-likely-than-not recognition threshold the Company recognizes the largest amount of tax benefit that is greater than 50% likely to be realized upon ultimate settlement with the related tax authority. The Company's policy is to recognize interest and penalties accrued on any unrecognized tax benefits as a component of income tax expense. Significant judgment is required in the identification of uncertain tax positions and in the estimation of penalties and interest on uncertain tax positions.

There were no material uncertain tax positions as of December 31, 2019 and 2018.

Share-based compensation

The Company generally uses the straight-line method to allocate compensation cost to reporting periods over each optionee's requisite service period, which is generally the vesting period, and estimates the fair value of stock-based awards to employees and directors using the Black-Scholes option-valuation model (the "Black-Scholes model"). The Black-Scholes model requires the input of subjective assumptions, including volatility, the expected term and the fair value of the underlying common stock on the date of grant, among other inputs. The Company recognizes any forfeitures as they occur.

Recent Accounting Pronouncements

The Company is an "emerging growth company," as defined in Section 2(a) of the Securities Act of 1933, as amended, as modified by the Jumpstart Our Business Start-ups Act of 2012, (the "JOBS Act"). Section 107 of the JOBS Act provides that an emerging growth company can take advantage of the extended transition period provided in Section 13(a) of the Securities Exchange Act of 1934, as amended, for complying with new or revised accounting standards applicable to public companies. In other words, an emerging growth company can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies.

In December 2019, the FASB issued ASU 2019-12, "Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes." ASU 2019-12 simplifies the accounting for income taxes by removing exceptions within the general principles of Topic 740 regarding the calculation of deferred tax liabilities, the incremental approach for intra-period tax allocation, and calculating income taxes in an interim period. In addition, the ASU adds clarifications to the accounting for franchise tax (or similar tax), which is partially based on income, evaluating tax basis of goodwill recognized from a business combination, and reflecting the effect of any enacted changes in tax laws or rates in the annual effective tax rate computation in the interim period that includes the enactment date. The ASU is effective for fiscal years beginning after December 15, 2020, and will be applied either retrospectively or prospectively based upon the applicable amendments. Early adoption is permitted. The Company is currently in the process of evaluating the impact of this guidance on our consolidated financial statements.

In August 2018, the FASB issued ASU 2018-13, "Fair Value Measurement (Topic 820) - Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement." ASU 2018-13 removes the disclosure requirement for the amount and reasons for transfers between Level 1 and Level 2 fair value measurements as well as the process for Level 3 fair value measurements. In addition, the ASU adds the disclosure requirements for changes in unrealized gains and losses included in other comprehensive income (loss) for recurring Level 3 fair value measurements held at the end of the reporting period as well as the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements. The ASU is effective for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years and will be applied on a retrospective basis to all periods presented. Early adoption is permitted. The Company is currently in the process of evaluating the impact of this guidance on our consolidated financial statements.

In June 2016, the FASB issued ASU 2016-13, “Financial Instruments - Credit Losses.” The standard, including subsequently issued amendments, requires a financial asset measured at amortized cost basis, such as accounts receivable and certain other financial assets, to be presented at the net amount expected to be collected based on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount. This ASU is effective for fiscal years beginning after December 15, 2023, and interim periods within those fiscal years, and requires the modified retrospective approach. Early adoption is permitted. Based on the composition of the Company’s trade receivables and other financial assets, current market conditions, and historical credit loss activity, the Company is currently in the process of evaluating the impact of this guidance on our consolidated financial statements.

In February 2016, the FASB issued ASU 2016-02, Leases, and has subsequently issued several supplemental and/or clarifying ASU’s (collectively, “Topic 842”), which requires a dual approach for lease accounting under which a lessee would account for leases as finance leases or operating leases. Both finance leases and operating leases may result in the lessee recognizing a right of use asset and a corresponding lease liability. For finance leases, the lessee would recognize interest expense and amortization of the right-of-use asset, and for operating leases, the lessee would recognize lease expense on a straight-line basis. The Company is currently in the process of evaluating the impact of this guidance on our consolidated financial statements.

In June 2018, the FASB issued ASU 2018-07 Compensation – Stock Compensation (Topic 718): Improvements to Nonemployee Share Based Payment Accounting (“ASU 2018-07”), this simplify the accounting for share based payments to nonemployees by aligning it with the accounting for share-based payments to employees, with certain exceptions. The provisions of this standard specify that Topic 718 applies to all share-based payment transactions in which grantor acquires goods or services to be used or consumed in a grantor’s operations by issuing share-based payment awards. The Company adopted the provisions of ASU 2018-07 using a modified retrospective approach on January 1, 2019 which affected the method used to value the stock options granted to consultants and advisors. Prior to adoption of ASU 2018-07, stock options were revalued at each reporting period. Pursuant to the requirements of ASU 2018-07 and under provisions of Topic 718, these stock options are now valued at the grant date fair value, consistent with the method the Company uses to value stock options to employees. Adoption of the standard resulted in no cumulative effect adjustment.

4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	December 31, 2019	December 31, 2018
Computer equipment	\$ 13,208	\$ 9,347
Furniture and fixtures	33,980	21,692
Total property and equipment	47,188	31,039
Less: Accumulated depreciation	(11,577)	(3,130)
Property and equipment, net	\$ 35,611	\$ 27,909

Depreciation expense on property and equipment, was \$8,114, and \$3,295 for the years ending December 31, 2019 and 2018, respectively.

5. CONSTRUCTION IN PROGRESS

The Company engaged outside contractors to begin construction work on its first facility. As of December 31, 2019, \$2,030,270 (December 31, 2018 – nil) represents progress payments related to facility construction.

6. PREPAID EXPENSES AND DEPOSITS

	December 31, 2019	December 31, 2018
Deposits	\$ 4,443	\$ 33,842
Legal retainer	\$ 88,369	\$ 22,751
Prepaid expenses	\$ 5,005	\$ 23,716
	<u>\$ 97,817</u>	<u>\$ 80,309</u>

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	December 31, 2019	December 31, 2018
Accounts payable	\$ 923,808	\$ 181,262
Accrued expenses	\$ 417,302	\$ 70,493
Others	\$ 34,474	\$ 12,436
	<u>\$ 1,375,584</u>	<u>\$ 264,191</u>

Accounts payable includes \$744,191 (December 31, 2018 - \$nil) payable to outside contractor in relation to facility construction. Accrued expenses include bonus payable of \$135,163 and legal fees amounting to \$77,764.

8. SHARE CAPITAL

a) Authorized Share Capital

On March 1, 2019, the Company changed its share structure with a Director's resolution to replace Class – A voting shares with Common voting Shares, and to eliminate Class-B non-voting shares (where nil were issued), and created a new series of Preferred shares with no par value and unlimited number of shares. Holders of Preferred shares shall be entitled to receive distribution ahead of holders of Common shares. In addition, Preferred shareholders are also entitled to a fixed premium (if specifically provided in the special rights and restrictions attached to a specific series of Preferred shares), prior to any distributions to holders of Common shares in the event of dissolution, liquidation or winding-up of the Company.

b) Issued Share Capital

The Company had the following common share transactions during the year ended December 31, 2019 and December 31, 2018:

At various times during the year ended December 31, 2018, the Company issued 28,311,492 common shares for gross proceeds of \$1,688,225.

- On January 16, 2019, pursuant to a non-brokered private placement, the Company issued 1,000,000 units at a price of \$0.26 (CAD \$0.35) for gross proceeds of \$264,191 (CAD \$350,000). Each unit consists of one common share and a warrant to purchase one common share. Each warrant entitles the holder to purchase one common share at a price of CAD \$0.50 per share for 36 months.

- On January 31, 2019, pursuant to a non-brokered private placement, the Company issued 125,000 common shares at a price of \$0.38 (CAD \$0.50) for gross proceeds of \$47,550 (CAD \$62,500).

- On May 2, 2019, pursuant to a brokered and non-brokered private placement, the Company issued 6,516,000 units at a price of \$0.75 (CAD \$1.00) per unit for gross proceeds of \$4,840,291 (CAD \$6,516,000). Each unit consists of one Series A Preferred share and a warrant to purchase one common share. Each warrant entitles the holder to purchase one common share at a price of CAD \$2.00 per share for a period of 5 years following issuance date. The preferred shareholder shall be entitled to receive a 12% dividend in specie consisting of Common Shares on each six-month anniversary of the Closing Date.

Additionally, the principal amount of the Series A Preferred share along with any unpaid dividends will automatically convert into Common Shares upon the earlier of (i) the Company issuing Equity Securities in a transaction or series of related transactions resulting in aggregate gross proceeds of at least CAD \$5,000,000; (ii) the occurrence of a Liquidity Event; or (iii) at the Maturity Date i.e. May 2, 2024.

In relation to this financing, the Company issued 350,800 units with a fair value of \$260,585 (CAD \$350,800) to the broker consortium. Each unit consists of one Series A Preferred share and one warrant to purchase common shares. Each warrant entitles the holder to purchase one common share at a price of CAD \$2.00 per share for a period of 5 years following issuance date.

- On May 10, 2019, pursuant to a brokered and non-brokered private placement, the Company issued 3,702,500 units at a price of \$0.75 (CAD \$1.00) per unit for gross proceeds of \$2,759,353 (CAD \$3,702,500). Each unit consists of one Series A Preferred share and a warrant to purchase one common share. Each warrant entitles the holder to purchase one common share at a price of CAD \$2.00 per share for a period of 5 years following issuance date. The preferred shareholder shall be entitled to receive a 12% dividend in specie consisting of Common Shares on each six-month anniversary of the Closing Date.

Additionally, the principal amount of the Series A Preferred share along with any unpaid dividends will automatically convert into Common Shares upon the earlier of (i) the Company issuing Equity Securities in a transaction or series of related transactions resulting in aggregate gross proceeds of at least \$5,000,000; (ii) the occurrence of a Liquidity Event; or (iii) at the Maturity Date i.e. May 10, 2024.

In relation to this financing, the Company issued 185,125 units with a fair value of \$137,968 (CAD \$185,125), to the broker consortium. Each unit consists of one Series A Preferred share and one warrant to purchase common shares. Each warrant entitles the holder to purchase one common share at a price of \$2.00 per share for a period of 5 years following issuance date.

In connection with the above May 2 and May 10 share issuance, a total of \$766,970 (CAD \$1,029,121) was recorded as share issuance costs. In addition, 857,480 broker warrants were issued with a value of \$nil. Each warrant entitles the holder to purchase one common share at a price of CAD \$2.00 per share for a period of 5 years following issuance date.

- On May 10, 2019, pursuant to the conversion of convertible debentures with a principal value of \$372,634 (CAD \$500,000), the Company issued 500,000 units at a price of \$0.75 (CAD \$1.00) per unit. Each unit consists of one common share and one warrant to purchase common shares. Each warrant entitles the holder to purchase one common share at a price of CAD \$2.00 per share for 60 months. In addition, the Company issued 6,904 units at a price of \$0.75 (CAD \$1.00) per unit representing the accreted value of the interest payable on the debentures at time of conversion.

- On July 4, 2019, in connection with the May 10 private placement, the Company repurchased 25,000 units at \$0.77 (CAD \$1.00) per unit. Each unit consists of one Series A Preferred share and one warrant to purchase common share. Each warrant entitles the holder to purchase one common share at a price of CAD \$2.00 per share for a period of 5 years following issuance date. Subsequent to the repurchase, the Company canceled 25,000 Series A Preferred shares and 25,000 warrants to purchase common share.

- On November 2, 2019, the Company declared and issued 412,008 common shares at \$0.76 (CAD \$1.00) as stock dividend to holders of Series A Preferred shares issued on May 2, 2019.

- On November 10, 2019, the Company declared and issued 231,758 common shares at \$0.76 (CAD \$1.00) as stock dividend to holders of Series A Preferred shares issued on May 10, 2019.

- At various times during the year ended December 31, 2019, the Company issued 1,162,577 shares (2018: 4,800,000) of common stock to various consultants for services rendered.

c) Cancellation of Issued Shares

During the year ended December 31, 2018, the Company entered into a purchase agreement with certain parties representing proprietary technology. As consideration for the purchase of the technology and attendant intellectual property rights, the Company issued an aggregate of 25,000,000 Class A common voting shares (the "Class A Shares").

An additional 500,000 Class A Shares was issued for consulting services to assist with application of the proprietary technology to the Company's business.

Subsequent to the execution of these agreements, the Company was notified as to certain issues relating to the transaction agreements resulting in the technology being deemed invalid and therefore without any value. Accordingly, the shares initially granted to the sellers of the technology were cancelled during the year ended December 31, 2019. The impairment of related intellectual property was recorded in year ending December 31, 2018 and included in Research and Development expense.

d) Stock Options

The Company has adopted a stock option plan (the “Plan”) for its directors, officers, employees and consultants to acquire common shares of the Company. The terms and conditions of the stock options are determined by the Board of Directors.

On May 28, 2019, at the Company’s annual general meeting, shareholders approved an amendment to the Stock Option Plan to increase the number of authorized shares subject to the stock option plan to 15% of the issued and outstanding shares of the Company (including any unconverted Series A Preferred Shares).

For the year ended December 31, 2019, the Company recorded aggregate share-based compensation expense of \$ 401,869 (December 31, 2018 - \$208,321) for all stock options on a straight line basis over the vesting period.

As at December 31, 2019, 5,256,875 Stock Options were outstanding at a weighted average exercise price of \$0.28 (CAD \$0.37), of which 3,531,250 were exercisable.

The amounts recognized as share-based payments and stock options are included in share-based compensation on the Statement of Loss and Comprehensive Loss.

As of December 31, 2019, there was \$43,856 of total unrecognized compensation cost related to non-vested share-based compensation arrangements granted under the stock option plan; that cost is expected to be recognized over a period of 2 years.

The following summarizes stock option activity during the years ended December 31, 2019 and 2018:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Life (years)
Balance at December 31, 2017	800,000	\$ 0.058	4.42
Granted	3,185,000	\$ 0.17	4.81
Balance at December 31, 2018	3,985,000	\$ 0.29	4.81
Granted	1,500,000	\$ 0.44	5.42
Exercised	50,000	\$ 0.38	-
Cancelled	178,125	\$ 0.35	-
Balance at December 31, 2019	5,256,875	\$ 0.28	4.98

The Company's outstanding and exercisable stock options at December 31, 2019 were:

Expiry Date	Outstanding Options			Exercisable Options	
	Number	Weighted Average Remaining Life (years)	Weighted Average Exercise Price	Weighted Average Exercise Price	Number
			CAD \$	\$	
May 24, 2024	100,000	4.4	0.35	0.27	100,000
June 1, 2024	800,000	4.42	0.075	0.058	800,000
June 19, 2024	75,000	4.47	0.35	0.27	75,000
October 24, 2024	50,000	4.82	0.35	0.27	25,000
November 5, 2024	100,000	4.85	0.35	0.27	75,000
December 12, 2024	2,631,875	4.95	0.35	0.27	1,893,750
April 30, 2025	300,000	5.33	0.50	0.38	112,500
April 30, 2025	800,000	5.33	0.50	0.38	300,000
June 10, 2025	200,000	5.45	0.50	0.38	100,000
November 15, 2025	200,000	5.88	1.00	0.77	50,000
Total Share Options	5,256,875	4.98	0.37	0.28	3,531,250

Stock-based compensation expense recognized is based on options expected to vest, the fair value of each employee option grant during the years ended December 31, 2019 and 2018 was estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

	December 31, 2019	December 31, 2018
Expected volatility	79.60%	79.60%
Expected term (in years)	4.59	3.14
Risk-free interest rate	1.51%	2.05%
Fair value of options	\$ 0.14	\$ 0.11

e) Warrants

The Company's outstanding warrants as of December 31, 2019 were:

	Number of warrants	Weighted average exercise price	Weighted average exercise price	Expiry Date
		CAD	\$	
Granted during quarter 3, 2018	300,000	0.50	0.38	Tuesday, August 24, 2021
Granted during quarter 4, 2018	300,000	0.50	0.38	Friday, October 15, 2021
Granted during quarter 4, 2018	2,511,427	0.50	0.38	Tuesday, December 21, 2021
Granted during quarter 4, 2018	160,000	0.35	0.27	Tuesday, December 21, 2021
Outstanding, December 31, 2018	3,271,427	0.49	0.38	
Granted during quarter 1, 2019	1,000,000	0.50	0.38	Sunday, January 16, 2022
Granted during quarter 1, 2019	80,000	0.35	0.27	Friday, January 21, 2022
Granted during quarter 2, 2019	7,428,080	2.00	1.54	Thursday, May 2, 2024
Granted during quarter 2, 2019	4,683,825	2.00	1.54	Friday, May 10, 2024
Cancelled during quarter 2, 2019	(300,000)	0.50	0.38	Friday, May 10, 2024
Granted during quarter 3, 2019	6,904	2.00	1.54	Friday, May 10, 2024
Cancelled during quarter 3, 2019	(25,000)	2.00	1.54	Friday, May 10, 2024
Outstanding, December 31, 2019	16,145,236	1.62	1.25	

9. INCOME TAXES

For the year ended December 31, 2019 and 2018, loss before income tax provision consisted of the following:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Domestic operations - Canada	\$ (5,027,596)	\$ (2,744,792)
Foreign operations - United States	(91,550)	-
Total loss before taxes	<u>\$ (5,119,146)</u>	<u>\$ (2,744,792)</u>

Income tax expense (benefit) consists of the following for the years ended December 31, 2019 and December 31, 2018:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Loss before taxes	\$ (5,119,146)	\$ (2,744,792)
Statutory tax rate	27.00%	27.00%
Income taxes at the statutory rate	\$ (1,382,170)	\$ (741,094)
Stock-based compensation	108,505	56,247
Share issue costs	(223,439)	(12,371)
Write-down of shares issued in R&D expense	-	132,843
Others	(58,416)	27,847
Total	<u>\$ (1,555,520)</u>	<u>\$ (536,528)</u>
Valuation Allowance	<u>\$ 1,555,520</u>	<u>\$ 536,528</u>
Total income tax expense (benefit)	<u>-</u>	<u>-</u>

The reconciliations of the statutory tax rate to the effective income tax rate for the years ended December 31, 2019 and December 31, 2018 is as follows:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Tax provision at statutory rates	27%	27%
Stock based compensation	(2)%	(2)%
Share issue costs	4%	1%
Write-down of shares issued in R&D expense	0%	(5)%
Others	1%	(1)%
Valuation allowance	(30)%	(20)%
Effective income tax rate	<u>-</u>	<u>-</u>

Deferred income taxes reflect the net tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. A valuation allowance is provided for deferred tax assets if it is more likely than not that we will not realize those tax assets through future operations. Significant components of the Company's deferred taxes are as follows:

	December 31, 2019	December 31, 2018
Deferred tax assets:		
Unused tax losses carry forward - Canada and United States	\$ 1,903,392	\$ 527,169
Share issue costs - Canada	186,874	9,793
Property and equipment - Canada	1,782	(434)
Total deferred tax assets	\$ 2,092,048	\$ 536,528
Deferred tax asset not recognized	-	-
	-	-
Net deferred tax assets	2,092,048	536,528
Deferred tax liability:	-	-
Total deferred tax liability	-	-
Valuation Allowance	\$ (2,092,048)	\$ (536,528)
Net deferred tax assets (liabilities)	\$ -	\$ -

The Company has Non-Capital Losses of \$6.8 million as of December 31, 2019 and \$2 million as of December 31, 2018, which are due to expire between 2038 and 2039 and which can be used to offset future taxable income in Canada. For foreign operations in United States, aggregate net operating losses are \$91,550 as of December 31, 2019 (2018 - \$nil) which can be carried forward indefinitely. Non-Capital Losses in Canada can be carried forward after change of ownership, if the particular business which gave rise to the loss is carried on by the company for profit or with a reasonable expectation of profit. Certain accumulated net operating losses in United States are subject to an annual limitation from equity shifts, which constitute a change of ownership as defined under Internal Revenue Code ("IRC") Section 382. These rules will limit the utilization of the losses.

10. RELATED PARTY 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 the Company's officers and directors.

	Year ended 31-Dec-2019	Year ended 31-Dec-2018
Accounting fees (included in professional)	\$ 75,923	\$ 68,405
Consulting fees	\$ 90,436	\$ 89,720
Total	\$ 166,359	\$ 158,125

As at December 31, 2019, \$35,093 (December 31, 2018 - \$19,758) in total was owing to officers and directors or to companies owned by officers and directors of the Company for services and expenses. These amounts owing have been included in accounts payable and accrued liabilities.

As at December 31, 2019, \$Nil (December 31, 2018 - \$2,315) was included in rent that was paid to an officer of the Company.

As at December 31, 2019, \$12,403 (December 31, 2018 - \$38,638) was included in share issue costs that was paid to officers and directors or to companies owned by officers and directors of the Company in the efforts to raise capital during the period.

There were no other payments to related parties for the year ended December 31, 2019 and 2018 other than expense reimbursements in the ordinary course of business.

11. CONVERTIBLE DEBENTURES

On March 21, 2019, the Company closed a private placement of \$374,083 (CAD \$500,000) aggregate principal amount of unsecured subordinated convertible debentures at a price of CAD \$1,000 per convertible debenture.

The convertible debentures bear interest from the date of closing at 12.0% per annum, payable in common shares of the Company at a price of CAD \$1.00 per share semi-annually and will expire on March 21, 2024. The convertible debentures holder will receive units at a conversion price of CAD \$1.00 per unit upon conversion. A unit is comprised of one common Share and one warrant with an exercise price of CAD \$2.00. The debentures are convertible into units at the option of the holder at any time prior to the close of business on the maturity date.

Additionally, the principal amount of the debenture along with any accrued but unpaid interest will automatically convert into units upon the earlier of (i) the Company issuing Equity Securities in a transaction or series of related transactions resulting in aggregate gross proceeds of at least CAD \$5,000,000; (ii) the occurrence of a Liquidity Event; or (iii) at the Maturity Date i.e. March 21, 2024.

On May 10, 2019, the convertible debenture was converted into units along with the unpaid interest as a result of the Company issuing equity securities in a transaction that resulted in aggregate gross proceeds in excess of CAD \$5,000,000. Convertible debentures with a principal balance of \$372,634 (CAD \$500,000) were converted into 500,000 units (note 8) during the period. In addition, the Company was obligated to issue 6,904 units at a price of CAD \$1.00 per unit representing the accreted value of the interest payable on the debentures at time of conversion. No debenture balance was outstanding as at December 31, 2019.

12. RESEARCH AND DEVELOPMENT

During the period ended December 31, 2019, the Company spent \$1,111,562 in research and development costs in relation to the development of a biosphere facility. The following represents the breakdown of research and development activities:

	December 31, 2019	December 31, 2018
Architectural fees	\$ 388,033	\$ 57,042
Engineering consultants	233,109	81,354
Design and construction	371,117	216,272
Product development	119,303	10,257
Impairment of IP technology and related expenses	-	516,510
Balance at December 31, 2019 and 2018	<u>\$ 1,111,562</u>	<u>\$ 881,435</u>

13. COMMITMENTS AND CONTINGENCIES

Commitments

The Company has the following contractual commitments:

Year	Description	CAD \$	USD \$
2020	Consulting	16,875	12,993
	Office and equipment lease	50,328	38,750
2021	Equipment lease	2,397	1,846
2022	Equipment lease	1,199	923

Contingencies

During the year ended December 31, 2019, the Company had no new contingencies to disclose.

During the year ended December 31, 2018, the Company entered into a purchase agreement with certain parties representing proprietary technology. As consideration for the purchase of the technology and attendant intellectual property rights, the Company issued an aggregate of 25,000,000 Class A common voting shares (the "Class A Shares").

An additional 500,000 Class A Shares was issued for consulting services to assist with application of the proprietary technology to the Company's business.

Subsequent to the execution of these agreements, the Company was notified as to certain issues relating to the transaction agreements that were executed and the intellectual property risks that were purportedly transferred. After several months of analysis with various professionals, the Company determined that the technology was in fact invalid and therefore without any value.

A claim by HydroHaus Horticulture, Brazier and Gielnik was filed in BC Supreme Court. The basic allegations against AgriFORCE Growing Systems Ltd. are:

1. The Company breached the manufacturing agreement under which HydroHaus Horticulture claims it had the exclusive right to build hydro houses for the Company
2. The Company advised HydroHaus Horticulture that it was in breach of the licensing agreement relating to its project to build a hydro house for the Nak'azdli causing HydroHaus Horticulture to spend approximately \$130,000 to change the way it was to perform that contract

3. The Company owes approximately \$100,000 for expenses paid for by HydroHaus Horticulture, which has not been accrued for at this time as management does not believe the merits are valid. Should any amounts be required to be paid as a result of the claim, the Company will appropriately record at that time; and
4. The Company wrongfully rescinded its agreements with HydroHaus Horticulture.

The plaintiffs are seeking general and special damages, alternatively rescission of the agreements or specific performance of those agreements and payment for expenses incurred by HydroHaus Horticulture for the benefit of the Company.

The Company has filed a Response to the claim. That response denies the allegations in the claim and raises the defense that the plaintiffs wrongfully purported to sell intellectual property which they falsely stated they had invented and owned. The Response asks that the claim be dismissed.

The Company has also filed a Counterclaim based upon its allegations that the plaintiffs wrongfully purported to sell intellectual property which they falsely stated that they invented and owned. The counterclaim seeks damages and a declaration that the agreements which the Company rescinded were properly rescinded based upon the misrepresentations of the plaintiffs.

Management does not believe the potential monetary damages to be material based on the damages sought by the plaintiff.

14. SUBSEQUENT EVENTS

The Company evaluated subsequent events through June 18, 2020, the date on which these financial statements were available to be issued, to ensure that this filing includes appropriate disclosure of events both recognized in the financial statements as of December 31, 2019, and events which occurred subsequent to December 31, 2019 but were not recognized in the financial statements. Except as disclosed below, there were no events that required recognition, adjustment to or disclosure in the financial statements.

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a “Public Health Emergency of International Concern” and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Company operates. As of the time of filing, it is not possible to reliably estimate the length and severity of these developments and its impact on the financial results and condition of the Company.

In relation to the COVID 19 crisis, the Company has successfully applied for a loan of CAD 40,000 under Canada Emergency Business Account Program through its bank. The loan is interest free for an initial term that ends on December 31, 2022. Any outstanding loan after initial term carries an interest rate of 5% per annum, payable monthly during the extended term i.e. January 31, 2023 to December 31, 2025.

AGRIFORCE GROWING SYSTEMS, LTD.

**UNAUDITED CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED
JUNE 30, 2020 AND 2019**

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AGRIFORCE GROWING SYSTEMS LTD.
(formerly known as Canivate Growing Systems Ltd.)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

**FOR THE SIX MONTHS ENDED
JUNE 30, 2020 AND 2019 (UNAUDITED)
EXPRESSED IN UNITED STATES DOLLARS**

AGRIFORCE GROWING SYSTEMS LTD.
CONDENSED CONSOLIDATED INTERIM BALANCE SHEETS (Unaudited)
(Expressed in US dollars)

	June 30, 2020	December 31, 2019
ASSETS		
Current		
Cash	\$ 908,082	\$ 2,158,891
Accounts receivable	4,629	47,697
Prepaid expenses and other current assets	244,439	97,817
Total current assets	1,157,150	2,304,405
Property and equipment	30,365	35,611
Deferred IPO costs	123,102	-
Construction in progress	1,934,924	2,030,270
Total assets	\$ 3,245,541	\$ 4,370,286
LIABILITIES AND EQUITY		
Current		
Accounts payable and accrued liabilities	\$ 1,424,821	\$ 1,375,584
Total current liabilities	1,424,821	1,375,584
Non-current		
Long term loan	29,351	-
Total liabilities	1,454,172	1,375,584
Commitments and contingencies		
Shareholders' equity		
Preferred Shares, no par value per share - unlimited shares authorized; 10,729,425 shares issued and outstanding at June 30, 2020 and December 31, 2019.	6,717,873	6,717,873
Common stock, no par value per share - unlimited shares authorized; 37,699,645 and 36,599,740 shares issued and outstanding at June 30, 2020 and December 31, 2019, respectively.	4,509,558	3,725,454
Additional paid-in-capital	972,947	726,356
Obligation to issue shares	-	12,463
Accumulated Deficit	(10,425,325)	(8,352,354)
Accumulated Other Comprehensive Income	16,316	164,910
Total shareholders' equity	1,791,369	2,994,702
Total liabilities and shareholders' equity	\$ 3,245,541	\$ 4,370,286

The accompanying notes are an integral part of these Condensed Consolidated Interim Financial Statements

AGRIFORCE GROWING SYSTEMS LTD.**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS (Unaudited)**

(Expressed in US dollars)

For the six months ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
OPERATING EXPENSES		
Consulting	\$ 308,345	\$ 279,082
Depreciation	4,412	3,665
Foreign exchange	9,640	15,846
Office and administrative	66,789	69,949
Investor relations	96,513	146,385
Professional fees	209,078	270,343
Rent	20,536	70,386
Research and development	113,431	725,370
Share-based compensation	246,591	245,303
Shareholder and regulatory	92,833	127,702
Travel and entertainment	5,677	114,921
Wages and salaries	<u>439,890</u>	<u>270,852</u>
Net Loss	<u>\$ (1,613,735)</u>	<u>\$ (2,339,804)</u>
Dividend paid to preferred stock holders	\$ 459,236	\$ -
Net loss attributable to common shareholder	\$ (2,072,971)	\$ (2,339,804)
Other Comprehensive income (loss)		
Foreign currency translation	<u>\$ (148,594)</u>	<u>\$ 154,010</u>
Comprehensive loss attributable to common shareholders	<u>\$ (2,221,565)</u>	<u>\$ (2,185,794)</u>
Basic and diluted net loss attributed to common share	<u>\$ (0.06)</u>	<u>\$ (0.05)</u>
Weighted average number of common shares outstanding – basic and diluted	<u>36,872,240</u>	<u>43,078,588</u>

The accompanying notes are an integral part of these Condensed Consolidated Interim Financial Statements.

AGRIFORCE GROWING SYSTEMS LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (unaudited)

(Expressed in US dollars, except share numbers)

		Common Shares		Series A Preferred Shares		Additional	Subscriptions	Obligation	Accumulated	Accumulated	Total
	Note	# of Shares	Amount	# of Shares	Amount	Paid-in-capital	Receivable	to issue	Deficit	other	Shareholders'
								shares		comprehensive	Equity
										loss	(Deficiency)
Balance, January 01, 2019		<u>58,611,493</u>	<u>\$ 2,373,624</u>	<u>-</u>	<u>\$ -</u>	<u>\$ 208,321</u>	<u>\$ (14,743)</u>	<u>\$ 126,606</u>	<u>\$ (2,744,792)</u>	<u>\$ 10,900</u>	<u>\$ (40,084)</u>
Shares issued for cash		1,125,000	311,741	10,218,500	7,493,249	106,395	14,743	-	-	-	\$ 7,926,128
Shares cancelled for IP technology	8c	(25,500,000)	-	-	-	-	-	-	-	-	\$ -
Shares Issued for Conversion of Convertible Debenture		500,000	372,634	-	-	-	-	5,287	-	-	\$ 377,921
Shares issued for consulting services		1,030,179	123,673	-	-	-	-	(74,897)	-	-	\$ 48,776
Share issue costs		-	(15,161)	535,925	(756,232)	(10,738)	-	-	-	-	\$ (782,131)
Fair Value of Warrants		-	(21,057)	-	-	21,057	-	-	-	-	-
Share based compensation		-	-	-	-	245,303	-	-	-	-	\$ 245,303
Net loss		-	-	-	-	-	-	-	(2,339,804)	-	\$ (2,339,804)
Foreign currency translation		-	-	-	-	-	-	-	-	160,491	\$ 160,491
Balance, June 30, 2019		<u>35,766,672</u>	<u>\$ 3,145,454</u>	<u>10,754,425</u>	<u>\$ 6,737,017</u>	<u>\$ 570,338</u>	<u>\$ -</u>	<u>\$ 56,996</u>	<u>\$ (5,084,596)</u>	<u>\$ 171,391</u>	<u>\$ 5,596,600</u>
Balance, January 01, 2020		<u>36,599,740</u>	<u>\$ 3,725,454</u>	<u>10,729,425</u>	<u>\$ 6,717,873</u>	<u>\$ 726,356</u>	<u>\$ -</u>	<u>\$ 12,463</u>	<u>\$ (8,352,354)</u>	<u>\$ 164,910</u>	<u>\$ 2,994,702</u>
Shares issued for consulting services		456,139	324,868	-	-	-	-	(12,463)	-	-	\$ 312,405
Shares issued for dividend on Preferred Shares		643,766	459,236	-	-	-	-	-	(459,236)	-	\$ -
Share based compensation		-	-	-	-	246,591	-	-	-	-	\$ 246,591
Net loss		-	-	-	-	-	-	-	(1,613,735)	-	\$ (1,613,735)
Foreign currency translation		-	-	-	-	-	-	-	-	(148,594)	\$ (148,594)
Balance, June 30, 2020		<u>37,699,645</u>	<u>\$ 4,509,558</u>	<u>10,729,425</u>	<u>\$ 6,717,873</u>	<u>\$ 972,947</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (10,425,325)</u>	<u>\$ 16,316</u>	<u>\$ 1,791,369</u>

The accompanying notes are an integral part of these Condensed Consolidated Interim Financial Statements.

AGRIFORCE GROWING SYSTEMS LTD.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS (Unaudited)
(Expressed in US Dollars)
For the six months ended June 30, 2020 and 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	\$ (1,613,735)	\$ (2,339,804)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation	4,412	3,665
Share-based compensation	246,591	245,303
Shares issued for consulting services	133,387	47,657
Non-cash interest	-	5,177
Changes in non-cash working capital items:		
Accounts receivable	43,068	(19,218)
Prepaid expenses and other current assets	32,396	(16,735)
Accounts payable and accrued liabilities	(32,665)	319,017
Net cash used in operating activities	<u>(1,186,546)</u>	<u>(1,754,938)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of equipment	(844)	(7,435)
Net cash used in investing activities	<u>(844)</u>	<u>(7,435)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	-	7,926,128
Proceeds from long term loan	29,351	-
Payment of IPO costs	(41,200)	-
Share issuance costs	-	(782,131)
Proceeds from issuance of Convertible Debt	-	372,634
Net cash provided by financing activities	<u>(11,849)</u>	<u>7,516,631</u>
Effect of exchange rate changes on cash and cash equivalent	(51,570)	160,464
Change in cash	(1,250,809)	5,914,722
Cash, beginning of period	2,158,891	79,015
Cash, end of period	<u>\$ 908,082</u>	<u>\$ 5,993,737</u>
Supplemental cash flow information:		
Cash paid during the period for interest	\$ -	\$ -
Cash paid during the period for income taxes	\$ -	\$ -
Supplemental disclosure of non-cash investing and financing transactions		
Fair Value of Warrants	\$ -	\$ 21,057
Preferred stock dividend paid in common shares	\$ 459,236	\$ -
Shares issued for Consulting Services	\$ 324,868	\$ 123,673
Unpaid amount related to construction in progress	\$ 744,191	\$ -
Conversion of Convertible Debt	\$ -	\$ 377,921

The accompanying notes are an integral part of these Condensed Consolidated Interim Financial Statements.

1. BUSINESS OVERVIEW

AgriFORCE Growing Systems Ltd. (the “Company”) was incorporated as a private company by Certificate of Incorporation issued pursuant to the provisions of the British Columbia Business Corporations Act on December 22, 2017. The Company’s registered and records office address is at 600-777 Hornby Street, Vancouver, British Columbia, Canada, V6Z 1S4. On February 13, 2018, the Company changed its name from 1146470 B.C. Ltd to Canivate Growing Systems Ltd. On November 22, 2019 the Company changed its name from Canivate Growing Systems Ltd. to AgriForce Growing Systems Ltd.

The Company is an innovative agriculture-focused technology company that delivers reliable, financially robust solutions for high value crops through our proprietary facility design and automation Intellectual Property to businesses and enterprises globally. The Company intends to operate in the plant based pharmaceutical, nutraceutical, and other high value crop markets using its unique proprietary facility design and hydroponics based automated growing system that enable cultivators to effectively grow crops in a controlled environment. The Company calls its facility design and automated growing system the “AgriFORCE grow house”. The Company has designed its AgriFORCE grow house to produce in virtually any environmental condition and to optimize crop yields to as near their full genetic potential possible whilst substantially eliminating the need for the use of pesticides and/or irradiation.

2. BASIS OF PREPARATION

Basis of presentation

The accompanying Condensed Consolidated Interim Financial Statements (the “financial statements”) have been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

The financial statements and accompanying notes are the representations of the Company’s management, who is responsible for their integrity and objectivity. In the opinion of the Company’s management, the financial statements reflect all adjustments, which are normal and recurring in nature, necessary for fair financial statement presentation.

Unaudited Condensed Consolidated Interim Financial Information

The accompanying condensed consolidated interim financial statements and related financial information should be read in conjunction with the audited financial statements and the related notes thereto for the years ended December 31, 2019 and 2018, included elsewhere here in this filing.

The accompanying condensed consolidated interim financial statements as of June 30, 2020 and for the six months ended June 30, 2020 and 2019, and the related interim information contained within the notes to the condensed consolidated interim financial statements, are unaudited. The unaudited interim condensed financial statements have been prepared in accordance with GAAP and on the same basis as the audited financial statements. In the opinion of management, the accompanying unaudited interim condensed financial statements contain all adjustments which are necessary to state fairly the Company’s financial position as of June 30, 2020, and the results of its operations and cash flows for the six months ended June 30, 2020 and 2019. Such adjustments are of a normal and recurring nature. The results for the six months ended June 30, 2020 are not necessarily indicative of the results to be expected for the full fiscal year 2020, or for any future period.

Principal of consolidation

Our Condensed Consolidated Interim Financial Statements include the accounts of our wholly owned subsidiaries. We consolidate variable interest entities (VIEs) when we have variable interests and are the primary beneficiary.

All inter-company balances and transactions have been eliminated on consolidation. These Condensed Consolidated Interim Financial Statements include the accounts of the Company and its wholly owned subsidiaries:

Name of entity:	Country of Incorporation	Purpose	Date of Incorporation
AgriFORCE Growing Systems Ltd.	Canada	Parent Company	Dec 22, 2017
Canivate Growing Solutions Ltd.	Canada	Management Company	May 22, 2018
Daybreak Ag Systems Ltd.	Canada	Intellectual Property Development	Dec 4, 2019
AGI IP CO.	United States	Intellectual Property	Aug 31, 2018
West Pender Holdings, Inc.	United States	Real Estate Holding and Development Company	Sep 1, 2018
AgriFORCE Investments Inc.	United States	Holding Company	Apr 9, 2019
West Pender Management Co.	United States	Management Advisory Services	Jul 9, 2019

During the year ended December 31, 2019, AgriFORCE Investments Inc., West Pender Holdings, Inc. and AgriFORCE Holdings Inc., wholly owned subsidiaries of the Company, commenced operations and its financial results are consolidated into the results of the Company. All other subsidiaries have been created and did not have any operating activities or Financial Statements as at June 30, 2020.

Functional and Presentation Currency

The functional currency for each entity included in these Condensed Consolidated Interim Financial Statements is the currency of the primary economic environment in which the entity operates. These Condensed Consolidated Interim Financial Statements are presented in United States dollars ("U.S. dollars"). Currency conversion to U.S. dollars is performed in accordance with ASC 830, Foreign Currency Matters.

Use of Estimates

The preparation of our condensed consolidated interim financial statements in accordance with U.S. generally accepted accounting principles requires us to make estimates and assumptions that affect the amounts reported in our Condensed Consolidated Interim Financial Statements and accompanying notes. Actual results could differ from these estimates and those differences could be material.

Risks and Uncertainties

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a “Public Health Emergency of International Concern” and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, and quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the Company operates. As of the time of filing, it is not possible to reliably estimate the length and severity of these developments and its impact on the financial results and condition of the Company.

Going Concern

The Company has incurred substantial operating losses since its inception and expects to continue to incur significant operating losses for the foreseeable future. As reflected in the condensed consolidated interim financial statements for the six months ended June 30, 2020, the Company had a net loss of approximately \$1.6 million, approximately \$1.2 million of net cash used in operating activities, and the Company had a negative working capital of approximately \$0.26 million.

The accompanying condensed consolidated interim financial statements have been prepared on a going concern basis, which contemplates the realization of assets and satisfaction of liabilities in the normal course of business. The condensed consolidated interim financial statements do not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might result from the outcome of this uncertainty. The Company is at the stage of development of its first facility. As such it is likely that additional financing will be needed by the Company to fund its operations and to develop and commercialize its technology. These factors raise substantial doubt about the Company’s ability to continue as a going concern. For the next twelve months from issuance of these condensed consolidated interim financial statements, the Company will seek to obtain additional capital through the sale of debt or equity financings or other arrangements to fund operations; however, there can be no assurance that the Company will be able to raise needed capital under acceptable terms, if at all. The sale of additional equity may dilute existing stockholders and newly issued shares may contain senior rights and preferences compared to currently outstanding shares of common stock. Issued debt securities may contain covenants and limit the Company’s ability to pay dividends or make other distributions to stockholders. If the Company is unable to obtain such additional financing, future operations would need to be scaled back or discontinued. Due to the uncertainty in the Company’s ability to raise capital, management believes that there is substantial doubt in the Company’s ability to continue as a going concern for twelve months from the issuance of these condensed financial statements

3. SIGNIFICANT ACCOUNTING POLICIES

Cash

The Company’s cash consists of cash maintained in checking and interest-bearing accounts. The Company accounts for financial instruments with original maturities of three months or less at the date of purchase as cash equivalents. The Company held no cash equivalents as of June 30, 2020 and December 31, 2019.

Property and equipment

Property and equipment are initially recognized at acquisition cost or manufacturing cost, including any costs directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by the Company's management. Property, plant and equipment are subsequently measured at cost less accumulated depreciation and impairment losses.

Depreciation is recognized on a straight-line basis to write down the cost less estimated residual value of computer equipment and furniture and fixtures. The following useful lives are applied:

Computer equipment	5 years
Furniture and fixtures	10 years

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognized in profit or loss within other income or other expenses.

Construction in progress includes construction progress payments, deposits, engineering costs, interest expense for debt financing on long-term construction projects and other costs directly related to the construction of the facilities. Expenditures are capitalized during the construction period and construction in progress is transferred to the relevant class of property and equipment when the assets are available for use, at which point the depreciation of the asset commences.

Impairment of Long-Lived Assets

The Company reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. In order to determine if assets have been impaired, assets are grouped and tested at the lowest level for which identifiable independent cash flows are available ("asset group"). An impairment loss is recognized when the sum of projected undiscounted cash flows is less than the carrying value of the asset group. The measurement of the impairment loss to be recognized is based on the difference between the fair value and the carrying value of the asset group. Fair value can be determined using a market approach, income approach or cost approach. The reversal of impairment losses is prohibited.

Revenue Recognition

The Company has not recorded any revenues since its inception. However, in the future, the Company expects to generate returns from any or all the revenue sources below from its customers:

- Rental income from facilities.
- Intellectual property income from the license of the facilities
- Management and advisory fees from management service contracts and

On January 1, 2018, the Company early adopted ASU No. 2014-09, *Revenue from Contracts with Customers* and all related amendments ("ASC 606" or "the new revenue standard"). ASC 606 is a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The

new revenue standard is based on the principle that an entity should recognize revenue to depict the transfer of 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 or services. To achieve this core principle, ASC 606 provides that an entity should apply the following steps: (1) identify the contract(s) with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract and (5) recognize revenue when (or as) the entity satisfies a performance obligation. The new revenue standard also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, and costs to obtain or fulfill contracts. The Company will apply ASC 606 prospectively to all contracts.

Loss per Common Share

The Company presents basic and diluted loss per share data for its common shares. Basic loss per common share is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted loss per common share is calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all potentially dilutive share equivalents, such as stock options and warrants and assumes the receipt of proceeds upon exercise of the dilutive securities to determine the number of shares assumed to be purchased at the average market price during the year. Diluted net loss attributable to common shareholders per share does not differ from basic net loss attributable to common shareholders per share for the six months ended June 30, 2020 and June 30, 2019, since the effect of the Company's stock options and warrants are anti-dilutive.

Research and development

Expenditure on research and development activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized as expense when incurred.

Foreign currency transactions

The financial statements of the Company and its subsidiaries whose functional currencies are the local

currencies are translated into U.S. dollars for consolidation as follows: assets and liabilities at the exchange rate as of the balance sheet date, stockholders' equity at the historical rates of exchange, and income and expense amounts at the average exchange rate for the period. Translation adjustments resulting from the translation of the subsidiaries' accounts are included in "Accumulated other comprehensive income" as equity in the consolidated balance sheets. Transactions denominated in currencies other than the applicable functional currency are converted to the functional currency at the exchange rate on the transaction date. At period end, monetary assets and liabilities are remeasured to the reporting currency using exchange rates in effect at the balance sheet date. Non-monetary assets and liabilities are remeasured at historical exchange rates. Gains and losses resulting from foreign currency transactions are included within operating expenses.

Fair value measurement

Pursuant to the provisions of Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures (ASC 820), the Company measures certain assets and liabilities at fair value or discloses the fair value of certain assets and liabilities recorded at cost in the condensed consolidated interim financial statements. Fair value is calculated as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). ASC 820 establishes a fair value hierarchy which requires assets and liabilities measured at fair value to be categorized into one of three levels based on the inputs used in the valuation. The Company classifies assets and liabilities in their entirety based on the lowest level of input significant to the fair value measurement.

The three levels are defined as follows:

- Level 1: Observable inputs based on quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Observable inputs, other than those included in Level 1, based on quoted prices for similar assets and liabilities in active markets, or quoted prices for identical assets and liabilities in inactive markets.
- Level 3: Unobservable inputs that reflect an entity's own assumptions about what inputs a market participant would use in pricing the asset or liability based on the best information available in the circumstances.

Transfers between levels of the fair value hierarchy are deemed to have occurred at the end of the reporting period in which the event or change of circumstances caused the transfer to occur.

The Company's financial instruments consist principally of cash, accounts receivable, accounts payable and accrued liabilities. We believe that the recorded values of all of our other financial instruments approximate their current fair values because of their nature and respective maturity dates or durations.

Income tax

Current tax expense is the expected tax payable on the taxable income for the period, using tax rates enacted at period-end.

Deferred tax assets, including those arising from tax loss carryforwards, requires management to assess the likelihood that the Company will generate sufficient taxable earnings in future periods in order to utilize recognized deferred tax assets. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. In addition, future changes in tax laws could limit the ability of the Company to obtain tax deductions in future periods. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the net deferred tax assets recorded at the reporting date could be impacted.

The Company operates in various tax jurisdictions and is subject to audit by various tax authorities.

The Company records uncertain tax positions based on a two-step process whereby (1) a determination is made as to whether it is more likely than not that the tax positions will be sustained based on the technical merits of the position and (2) for those tax positions that meet the more-likely-than-not recognition threshold the Company recognizes the largest amount of tax benefit that is greater than 50% likely to be realized upon ultimate settlement with the related tax authority. The Company's policy is to recognize interest and penalties accrued on any unrecognized tax benefits as a component of income tax expense. Significant judgment is required in the identification of uncertain tax positions and in the estimation of penalties and interest on uncertain tax positions.

There were no material uncertain tax positions as of June 30, 2020 and December 31, 2019.

Share-based compensation

The Company generally uses the straight-line method to allocate compensation cost to reporting periods over each optionee's requisite service period, which is generally the vesting period, and estimates the fair value of stock-based awards to employees and directors using the Black-Scholes option-valuation model (the "Black-Scholes model"). The Black-Scholes model requires the input of subjective assumptions, including volatility, the expected term and the fair value of the underlying common stock on the date of grant, among other inputs. The Company recognizes any forfeitures as they occur.

Recent Accounting Pronouncements

The Company is an “emerging growth company,” as defined in Section 2(a) of the Securities Act of 1933, as amended, as modified by the Jumpstart Our Business Start-ups Act of 2012, (the “JOBS Act”). Section 107 of the JOBS Act provides that an emerging growth company can take advantage of the extended transition period provided in Section 13(a) of the Securities Exchange Act of 1934, as amended, for complying with new or revised accounting standards applicable to public companies. In other words, an emerging growth company can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies.

In December 2019, the FASB issued ASU 2019-12, “Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes.” ASU 2019-12 simplifies the accounting for income taxes by removing exceptions within the general principles of Topic 740 regarding the calculation of deferred tax liabilities, the incremental approach for intra-period tax allocation, and calculating income taxes in an interim period. In addition, the ASU adds clarifications to the accounting for franchise tax (or similar tax), which is partially based on income, evaluating tax basis of goodwill recognized from a business combination, and reflecting the effect of any enacted changes in tax laws or rates in the annual effective tax rate computation in the interim period that includes the enactment date. The ASU is effective for fiscal years beginning after December 15, 2020, and will be applied either retrospectively or prospectively based upon the applicable amendments. Early adoption is permitted. The Company is currently in the process of evaluating the impact of this guidance on our Condensed Consolidated Interim Financial Statements.

In August 2018, the FASB issued ASU 2018-13, “Fair Value Measurement (Topic 820) - Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement.” ASU 2018-13 removes the disclosure requirement for the amount and reasons for transfers between Level 1 and Level 2 fair value measurements as well as the process for Level 3 fair value measurements. In addition, the ASU adds the disclosure requirements for changes in unrealized gains and losses included in other comprehensive income (loss) for recurring Level 3 fair value measurements held at the end of the reporting period as well as the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements. The ASU is effective for fiscal years beginning after December 15, 2019, and interim periods within those fiscal years and will be applied on a retrospective basis to all periods presented. Early adoption is permitted. The company has adopted this standard for the financial year beginning January 01, 2020 and there is no impact on the Condensed Consolidated Interim Financial Statement.

In June 2016, the FASB issued ASU 2016-13, “Financial Instruments - Credit Losses.” The standard, including subsequently issued amendments, requires a financial asset measured at amortized cost basis, such as accounts receivable and certain other financial assets, to be presented at the net amount expected to be collected based on relevant information about past events, including historical experience, current conditions, and reasonable and supportable forecasts that affect the collectability of the reported amount. This ASU is effective for fiscal years beginning after December 15, 2023, and interim periods within those fiscal years, and requires the modified retrospective approach. Early adoption is permitted. Based on the composition of the Company’s trade receivables and other financial assets, current market conditions, and historical credit loss activity, the Company is currently in the process of evaluating the impact of this guidance on our Condensed Consolidated Interim Financial Statements.

In February 2016, the FASB issued ASU 2016-02, Leases, and has subsequently issued several supplemental and/or clarifying ASU's (collectively, "Topic 842"), which requires a dual approach for lease accounting under which a lessee would account for leases as finance leases or operating leases. Both finance leases and operating leases may result in the lessee recognizing a right of use asset and a corresponding lease liability. For finance leases, the lessee would recognize interest expense and amortization of the right-of-use asset, and for operating leases, the lessee would recognize lease expense on a straight-line basis. The Company is currently in the process of evaluating the impact of this guidance on our Condensed Consolidated Interim Financial Statements.

4. PREPAID EXPENSES AND OTHER CURRENT ASSETS

	June 30, 2020	December 31, 2019
Deposits	\$ -	\$ 4,443
Legal retainer	51,875	88,369
Prepaid expenses	192,564	5,005
	<u>\$ 244,439</u>	<u>\$ 97,817</u>

5. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	June 30, 2020	December 31, 2019
Computer equipment	\$ 12,588	\$ 13,208
Furniture and fixtures	33,230	33,980
Total property and equipment	45,818	47,188
Less: Accumulated depreciation	(15,453)	(11,577)
Property and equipment, net	<u>\$ 30,365</u>	<u>\$ 35,611</u>

Depreciation expense on property and equipment, was \$4,412, and \$3,665 for the six months ending June 30, 2020 and June 30, 2019, respectively.

6. CONSTRUCTION IN PROGRESS

The Company engaged outside contractors to begin construction work on its first facility. As of June 30, 2020, \$1,934,924 (December 31, 2019– \$2,030,270) represents progress payments related to facility construction.

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30, 2020	December 31, 2019
Accounts payable	\$ 887,040	\$ 923,808
Accrued expenses	513,369	417,302
Others	24,412	34,474
	<u>\$ 1,424,821</u>	<u>\$ 1,375,584</u>

Accounts payable as at June 30, 2020 includes \$744,191 (December 31, 2019 - \$744,191) payable to outside contractor in relation to facility construction. Accrued expenses as at June 30, 2020 include bonus payable of \$128,816 (December 31, 2019 - \$135,163) and legal fees amounting to \$92,666 (December 31, 2019 - \$77,764).

8. SHARE CAPITAL

f) Authorized Share Capital

On March 1, 2019, the Company changed its share structure with a Director's resolution to replace Class – A voting shares with Common voting Shares, and to eliminate Class-B non-voting shares (where nil were issued), and created a new series of Preferred shares with no par value and unlimited number of shares. Holders of Preferred shares shall be entitled to receive distribution ahead of holders of Common shares. In addition, Preferred shareholders are also entitled to a fixed premium (if specifically provided in the special rights and restrictions attached to a specific series of Preferred shares), prior to any distributions to holders of Common shares in the event of dissolution, liquidation or winding-up of the Company.

g) Issued Share Capital

The Company had the following common share transactions during the six months ended June 30, 2020:

- On May 2, 2020, the Company declared and issued 412,008 common shares at \$0.71 (CAD \$1.00) as stock dividend to holders of Series A Preferred shares issued on May 2, 2019.
- On May 10, 2020, the Company declared and issued 231,758 common shares at \$0.72 (CAD \$1.00) as stock dividend to holders of Series A Preferred shares issued on May 10, 2019.
- At various times during the six months ended June 30, 2020, the Company issued 456,139 shares (June 30, 2019: 1,030,179) of common stock to various consultants for services rendered.

h) Cancellation of Issued Shares

During the year ended December 31, 2018, the Company entered into a purchase agreement with certain parties representing proprietary technology. As consideration for the purchase of the technology and attendant intellectual property rights, the Company issued an aggregate of 25,000,000 Class A common voting shares (the "Class A Shares").

An additional 500,000 Class A Shares was issued for consulting services to assist with application of the proprietary technology to the Company's business.

Subsequent to the execution of these agreements, the Company was notified as to certain issues relating to the transaction agreements resulting in the technology being deemed invalid and therefore without any value. Accordingly, the shares initially granted to the sellers of the technology were cancelled during the year ended December 31, 2019. The impairment of related intellectual property was recorded in year ending December 31, 2018 and included in Research and Development expense.

i) Stock Options

The Company has adopted a stock option plan (the "Plan") for its directors, officers, employees and consultants to acquire common shares of the Company. The terms and conditions of the stock options are determined by the Board of Directors.

On May 28, 2019, at the Company's annual general meeting, shareholders approved an amendment to the Stock Option Plan to increase the number of authorized shares subject to the stock option plan to 15% of the issued and outstanding shares of the Company (including any unconverted Series A Preferred Shares).

For the six months ended June 30, 2020, the Company recorded aggregate share-based compensation expense of \$ 246,591 (June 30, 2019 - \$245,303) for all stock options on a straight-line basis over the vesting period.

As at June 30, 2020, 6,979,361 Stock Options were outstanding at a weighted average exercise price of \$0.39 (CAD \$0.54), of which 4,832,733 were exercisable.

The amounts recognized as share-based payments and stock options are included in share-based compensation on the Statement of Loss and Comprehensive Loss.

As of June 30, 2020, there was \$519,268 of total unrecognized compensation cost related to non-vested share-based compensation arrangements granted under the stock option plan; that cost is expected to be recognized over a period of 2 years.

The following summarizes stock option activity during the six months ended June 30, 2020:

	Number of Options	Weighted Average Exercise Price	Weighted Average Remaining Life (years)
Balance at December 31, 2019	5,256,875	\$ 0.28	4.98
Granted	1,841,861	\$ 0.73	5.96
Forfeited	(119,375)	\$ 0.26	-
Balance at June 30, 2020	6,979,361	\$ 0.39	4.87

The Company's outstanding and exercisable stock options at June 30, 2020 were:

Expiry Date	Outstanding Options			Exercisable Options	
	Number	Weighted Average Remaining Life (years)	Weighted Average Exercise Price	Weighted Average Exercise Price	Number
			CAD \$	\$	
May 24, 2024	100,000	3.9	0.35	0.26	100,000
June 1, 2024	800,000	3.92	0.075	0.055	800,000
June 19, 2024	75,000	3.97	0.35	0.26	75,000
October 24, 2024	50,000	4.32	0.35	0.26	50,000
November 5, 2024	87,500	4.35	0.35	0.26	87,500
December 12, 2024	2,525,000	4.45	0.35	0.26	2,525,000
April 30, 2025	300,000	4.84	0.50	0.37	187,500
April 30, 2025	800,000	4.84	0.50	0.37	500,000
June 10, 2025	200,000	4.95	0.50	0.37	150,000
November 15, 2025	200,000	5.38	1.00	0.73	100,000
January 31, 2026	185,000	5.59	1.00	0.73	50,625
June 30, 2026	1,656,861	6	1.00	0.73	207,108
Total Share Options	6,979,361	4.87	0.54	0.39	4,832,733

Stock-based compensation expense recognized is based on options expected to vest, the fair value of each employee option grant during the six months period ended June 30, 2020 was estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions:

	June 30, 2020
Expected volatility	79.60%
Expected term (in years)	3.44
Risk-free interest rate	0.45%
Fair value of options	\$ 0.40

	Number of warrants	Weighted average exercise price CAD	Weighted average exercise price \$	Expiry Date
Granted during quarter 3, 2018	300,000	0.50	0.37	Tuesday, August 24, 2021
Granted during quarter 4, 2018	300,000	0.50	0.37	Friday, October 15, 2021
Granted during quarter 4, 2018	2,511,427	0.50	0.37	Tuesday, December 21, 2021
Granted during quarter 4, 2018	160,000	0.35	0.26	Tuesday, December 21, 2021
Granted during quarter 1, 2019	1,000,000	0.50	0.37	Sunday, January 16, 2022
Granted during quarter 1, 2019	80,000	0.35	0.26	Friday, January 21, 2022
Granted during quarter 2, 2019	7,428,080	2.00	1.47	Thursday, May 2, 2024
Granted during quarter 2, 2019	4,683,825	2.00	1.47	Friday, May 10, 2024
Cancelled during quarter 2, 2019	(300,000)	0.50	0.37	Friday, May 10, 2024
Granted during quarter 3, 2019	6,904	2.00	1.47	Friday, May 10, 2024
Cancelled during quarter 3, 2019	(25,000)	2.00	1.47	Friday, May 10, 2024
Outstanding, June 30, 2020	16,145,236	1.62	1.19	

j) Warrants

The Company's outstanding warrants as of June 30, 2020 were:

09. LONG TERM LOAN

During the period, the Company entered into a loan agreement with Alterna Bank for a principal amount of \$29,351 (CAD 40,000) under Canada Emergency Business Account Program (the "Program").

The Program, as set out by the Government of Canada, requires that the funds from this loan shall only be used by the Company to pay non-deferrable operating expenses including, without limitation, payroll, rent, utilities, insurance, property tax and regularly scheduled debt service, and may not be used to fund any payments or expenses such as prepayment/refinancing of existing indebtedness, payments of dividends, distributions and increases in management compensation.

The loan is interest free for an initial term that ends on December 31, 2022. Repaying the loan balance on or before December 31, 2022 will result in loan forgiveness of 25% (up to CAD \$10,000). Any outstanding loan after initial term carries an interest rate of 5% per annum, payable monthly during the extended term i.e. January 31, 2023 to December 31, 2025.

10. RELATED PARTY 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 the Company's officers and directors.

	Six months ended June 30, 2020	Six months ended June 30, 2019
Accounting fees (included in professional)	\$ 14,962	\$ 75,541
Consulting fees	\$ -	\$ 86,233
Total	\$ 14,962	\$ 161,774

As at June 30, 2020, \$Nil (December 31, 2019 - \$35,093) in total was owed to officers and directors or to companies owned by officers and directors of the Company for services and expenses. These amounts owed have been included in accounts payable and accrued liabilities.

As at December 31, 2019, \$12,403 (December 31, 2018 - \$38,638) was included in share issue costs that was paid to officers and directors or to companies owned by officers and directors of the Company in the efforts to raise capital during the period.

There were no other payments to related parties for the six months ended June 30, 2020 and June 30, 2019 other than expense reimbursements in the ordinary course of business.

11. CONVERTIBLE DEBENTURES

On March 21, 2019, the Company closed a private placement of \$374,083 (CAD \$500,000) aggregate principal amount of unsecured subordinated convertible debentures at a price of CAD \$1,000 per convertible debenture.

The convertible debentures bear interest from the date of closing at 12.0% per annum, payable in common shares of the Company at a price of CAD \$1.00 per share semi-annually and will expire on March 21, 2024. The convertible debentures holder will receive units at a conversion price of CAD \$1.00 per unit upon conversion. A unit is comprised of one common Share and one warrant with an exercise price of CAD \$2.00. The debentures are convertible into units at the option of the holder at any time prior to the close of business on the maturity date.

Additionally, the principal amount of the debenture along with any accrued but unpaid interest will automatically convert into units upon the earlier of (i) the Company issuing Equity Securities in a transaction or series of related transactions resulting in aggregate gross proceeds of at least CAD \$5,000,000; (ii) the occurrence of a Liquidity Event; or (iii) at the Maturity Date i.e. March 21, 2024.

On May 10, 2019, the convertible debenture was converted into units along with the unpaid interest as a result of the Company issuing equity securities in a transaction that resulted in aggregate gross proceeds in excess of CAD \$5,000,000. Convertible debentures with a principal balance of \$372,634 (CAD \$500,000) were converted into 500,000 units (note 8) during the period. In addition, the Company was obligated to issue 6,904 units at a price of CAD \$1.00 per unit representing the accreted value of the interest payable on the debentures at time of conversion. No debenture balance was outstanding as at June 30, 2020 or December 31, 2019.

12. RESEARCH AND DEVELOPMENT

During the six months period ended June 30, 2020, the Company spent \$113,431 (June 30, 2019 \$725,370) in research and development costs in relation to the development of a biosphere facility. The following represents the breakdown of research and development activities:

	June 30, 2020	June 30, 2019
Architectural fees	\$ 20,232	\$ 262,972
Engineering consultants	16,668	129,694
Design and construction	3,663	279,918
Product development	72,868	52,786
Total	\$ 113,431	\$ 725,370

13. COMMITMENTS AND CONTINGENCIES

Commitments

The Company has the following contractual commitments:

Year	Description	CAD \$	USD \$
2020	Equipment lease	1,199	880
2021	Equipment lease	2,397	1,759
2022	Equipment lease	1,199	880

Contingencies

Proposed IPO

On June 16, 2020, the Company entered into an engagement agreement (the "Agreement") with an underwriter to serve as lead underwriter, deal manager and investment banker for the proposed firm commitment for underwriting an initial public offering ("Public Offering") by the Company, covering sale of up to approximately \$35 million equity and equity derivatives. The term of the Agreement in connection with the offering ends on earlier of (i) twelve (12) months from the engagement date or (ii) the final closing, if any, of the Offering. The placement agent will act as sole underwriter of the Public Offering, subject to, completion of placement agent's due diligence examination of the Company and its affiliates, and the execution of a definitive underwriting agreement between the Company and the placement agent in connection with the Public Offering. The Agreement will provide that the Company will grant to the placement agent an option, exercisable within 45 days after the closing of the Public Offering, to acquire up to an additional 15% of the total number of Shares to be offered by the Company in the Public Offering, solely for the purpose of covering over-allotments. In connection with the offering, an underwriting discount of 8% of the total gross proceeds of the Offering shall be provided to the underwriter.

On June 1, 2020, the Company entered into a financial advisory agreement with the above underwriter to provide general financial advisory, investment banking and other customary services that the Company and underwriter agree. As consideration for the provision of advisory services, the Company issued 1% of the issued and outstanding common stock on the date of agreement and will issue 2% of issued and outstanding stock on 91st day subsequent to the agreement date. The Company shall pay in cash a financing fee in relation to any capital raised, invested, or committed equal to 8% for public equity placements, 9% for private equity placements, and 7% for debt placements. In addition, the Company will pay a cash transaction fee equal to 5% of the transaction consideration.

Litigation

During the year ended December 31, 2019, the Company had no new contingencies to disclose.

During the year ended December 31, 2018, the Company entered into a purchase agreement with certain parties representing proprietary technology. As consideration for the purchase of the technology and attendant intellectual property rights, the Company issued an aggregate of 25,000,000 Class A common voting shares (the "Class A Shares").

An additional 500,000 Class A Shares was issued for consulting services to assist with application of the proprietary technology to the Company's business.

Subsequent to the execution of these agreements, the Company was notified as to certain issues relating to the transaction agreements that were executed and the intellectual property risks that were purportedly transferred. After several months of analysis with various professionals, the Company determined that the technology was in fact invalid and therefore without any value.

On May 15, 2019, a claim by HydroHaus Horticulture, Brazier and Gielnik was filed in BC Supreme Court. The basic allegations against AgriFORCE Growing Systems Ltd. are:

5. The Company breached the manufacturing agreement under which HydroHaus Horticulture claims it had the exclusive right to build hydro houses for the Company
6. The Company advised HydroHaus Horticulture that it was in breach of the licensing agreement relating to its project to build a hydro house for the Nak'azdli causing HydroHaus Horticulture to spend approximately \$130,000 to change the way it was to perform that contract
7. The Company owes approximately \$100,000 for expenses paid for by HydroHaus Horticulture, which has not been accrued for at this time as management does not believe the merits are valid. Should any amounts be required to be paid as a result of the claim, the Company will appropriately record at that time; and
8. The Company wrongfully rescinded its agreements with HydroHaus Horticulture.

The plaintiffs are seeking general and special damages, alternatively rescission of the agreements or specific performance of those agreements and payment for expenses incurred by HydroHaus Horticulture for the benefit of the Company.

On May 24, 2019, the Company filed a Response to the claim. That response denies the allegations in the claim and raises the defense that the plaintiffs wrongfully purported to sell intellectual property which they falsely stated they had invented and owned. The Response asks that the claim be dismissed.

The Company has also filed a Counterclaim based upon its allegations that the plaintiffs wrongfully purported to sell intellectual property which they falsely stated that they invented and owned. The counterclaim seeks damages and a declaration that the agreements which the Company rescinded were properly rescinded based upon the misrepresentations of the plaintiffs.

During the six months ended June 30, 2020, there has been no further activity in the lawsuit. Based on Company's litigation counsel's opinion, management does not believe the potential monetary damages to be material based on the damages sought by the plaintiff.

14. SUBSEQUENT EVENTS

The Company evaluated subsequent events through October 9, 2020, the date on which these condensed consolidated interim financial statements were available to be issued, to ensure that this filing includes appropriate disclosure of events both recognized in the condensed consolidated interim financial statements as of June 30, 2020, and events which occurred subsequent to June 30, 2020 but were not recognized in the condensed consolidated interim financial statements. Except as disclosed below, there were no events that required recognition, adjustment to or disclosure in the financial statements.

Subsequent to June 30, 2020, the Company entered into a land purchase agreement in relation to construction of a facility in Coachella, California. The purchase price is \$4 million out of which, \$120,000 has been paid as a deposit and the balance is subject to financing.

[] Class A Units, each Consisting of One Share of Common Stock and One Series A Warrant to Purchase One Share of Common Stock and One Series B Warrant to Purchase One Share of Common Stock

PROSPECTUS

_____, 2020

Through and including _____ (the 25th day after the date of this offering), all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to a dealer's obligation to deliver a prospectus when acting as an underwriter and with respect to an unsold allotment or subscription.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 13. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION

The following table sets forth the costs and expenses payable by us in connection with the issuance and distribution of the securities being registered hereunder. All of the amounts shown are estimates, except for the SEC Registration Fee. All fees shall be added by amendment.

SEC Registration Fee	\$
FINRA Filing Fee	\$
NASDAQ Filing Fee	\$
Printing Fees and Expenses	\$
Accounting Fees and Expenses	\$
Legal Fees and Expenses	\$
Transfer Agent and Registrar Fees	\$
Miscellaneous Fees and Expenses	\$
Total	\$

ITEM 14. INDEMNIFICATION OF OFFICERS AND DIRECTORS

Our bylaws, as amended, provide to the fullest extent permitted by British Columbia law, that our directors or officers shall not be personally liable to us or our shareholders for damages for breach of such director's or officer's fiduciary duty. The effect of this provision of our bylaws, as amended, is to eliminate our right and our shareholders (through shareholders' derivative suits on behalf of our Company) to recover damages against a director or officer for breach of the fiduciary duty of care as a director or officer (including breaches resulting from negligent or grossly negligent behavior), except under certain situations defined by statute. We believe that the indemnification provisions in our bylaws, as amended, are necessary to attract and retain qualified persons as directors and officers.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

ITEM 15. RECENT SALES OF UNREGISTERED SECURITIES

- At various times during the year ended December 31, 2018, the Company issued 28,311,492 common shares for gross proceeds of \$1,688,225.
- On January 16, 2019, pursuant to a non-brokered private placement, the Company issued 1,000,000 units at a price of \$0.26 (CAD \$0.35) for gross proceeds of \$264,191 (CAD \$350,000). Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder to purchase one common share at a price of CAD \$0.50 per share for 36 months.
- On January 31, 2019, pursuant to a non-brokered private placement, the Company issued 125,000 common shares at a price of \$0.38 (CAD \$0.50) for gross proceeds of \$47,550 (CAD \$62,500).
- On May 2, 2019, pursuant to a brokered and non-brokered private placement, the Company issued 6,516,000 units at a price of \$0.75 (CAD \$1.00) per unit for gross proceeds of \$4,840,291 (CAD \$6,516,000). Each unit consists of one Series A Preferred share and a warrant to purchase one common share. Each warrant entitles the holder to purchase one common share at a price of CAD \$2.00 per share for a period of 5 years following issuance date. The preferred shareholder shall be entitled to receive a 12% dividend in specie consisting of Common Shares on each six-month anniversary of the Closing Date.

Additionally, the principal amount of the Series A Preferred share along with any unpaid dividends will automatically convert into Common Shares upon the earlier of (i) the Company issuing Equity Securities in a transaction or series of related transactions resulting in aggregate gross proceeds of at least CAD \$5,000,000; (ii) the occurrence of a Liquidity Event; or (iii) at the Maturity Date i.e. May 2, 2024.

In relation to this financing, the Company issued 350,800 units with a fair value of \$260,585 (CAD \$350,800) to the broker consortium. Each unit consists of one Series A Preferred share and one warrant to purchase common shares. Each warrant entitles the holder to purchase one common share at a price of CAD \$2.00 per share for a period of 5 years following issuance date.

- On May 10, 2019, pursuant to a brokered and non-brokered private placement, the Company issued 3,702,500 units at a price of \$0.75 (CAD \$1.00) per unit for gross proceeds of \$2,759,353 (CAD \$3,702,500). Each unit consists of one Series A Preferred share and a warrant to purchase one common share. Each warrant entitles the holder to purchase one common share at a price of CAD \$2.00 per share for a period of 5 years following issuance date. The preferred shareholder shall be entitled to receive a 12% dividend in specie consisting of Common Shares on each six-month anniversary of the Closing Date.

Additionally, the principal amount of the Series A Preferred share along with any unpaid dividends will automatically convert into Common Shares upon the earlier of (i) the Company issuing Equity Securities in a transaction or series of related transactions resulting in aggregate gross proceeds of at least \$5,000,000; (ii) the occurrence of a Liquidity Event; or (iii) at the Maturity Date i.e. May 10, 2024.

In relation to this financing, the Company issued 185,125 units with a fair value of \$137,968 (CAD \$185,125), to the broker consortium. Each unit consists of one Series A Preferred share and one warrant to purchase common shares. Each warrant entitles the holder to purchase one common share at a price of \$2.00 per share for a period of 5 years following issuance date.

In connection with the above May 2 and May 10 share issuance, a total of \$766,970 (CAD \$1,029,121) was recorded as share issuance costs. In addition, 857,480 broker warrants were issued with a value of \$nil. Each warrant entitles the holder to purchase one common share at a price of CAD \$2.00 per share for a period of 5 years following issuance date.

- On May 10, 2019, pursuant to the conversion of convertible debentures with a principal value of \$372,634 (CAD \$500,000), the Company issued 500,000 units at a price of \$0.75 (CAD \$1.00) per unit. Each unit consists of one common share and one warrant to purchase common shares. Each warrant entitles the holder to purchase one common share at a price of CAD \$2.00 per share for 60 months. In addition, the Company issued 6,904 units at a price of \$0.75 (CAD \$1.00) per unit representing the accreted value of the interest payable on the debentures at time of conversion.

ITEM 16. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

The following exhibits are filed with this registration statement.

Exhibit No.	Description
1.1	Form of Underwriting Agreement**
3.1	Articles of Incorporation and Bylaws of Issuer*
3.2	Articles of Incorporation of Daybreak Ag Systems Ltd*
3.3	Certificate of Incorporation of West Pender Investments*
3.4	Certificate of Incorporation of AGI IP Co.*
3.5	Certificate of Incorporation of West Pender Management Co.*
3.6	Certificate of Incorporation of West Pender Holdings, Inc.*
4.1	Form of Series A Warrant, Series B Warrant and Representatives Warrant**
4.2	Amended and Restated Stock Option Plan – Form of Stock Option Certificate attached as Schedule A*
4.3	Form of Warrant Certificate for \$0.50 warrants issued in December 2018 in connection with \$0.35 unit offering*
4.4	Form of Warrant Certificate for \$2.00 warrants issued in May 2019 in connection with \$1.00 preferred unit financing*
4.5	Form of Broker Compensation Warrant Certificate for \$1.00 warrants issued to brokers in connection in May 2019 in connection with \$1.00 preferred unit financing*
5.1	Opinion of Jolie Kahn, Esq.**
10.1	Vacant Land Purchase Agreement, dated July 13, 2020, between Company and Coachella Properties, Inc.**
10.2	Pharmhaus-Cultivation Facility Lease (8-13-2019)(EXECUTED)**
10.3	Pharmhaus-IP Licensing Agreement (8-13-2019)(EXECUTED)**
10.4	Pharmhaus-Services Agreement (8-13-2019)(EXECUTED)**
10.5	Fabritec - Consulting Agreement-SIGNED-2019-05-15**
10.6	Fabritec - Consulting Agreement Addendum-SIGNED-2019-05-15**
10.7	Fabritec - Final GMP Contract Change Order -SIGNED-2019-07-25**
10.8	Capital Funding Group-Commercial Loan Terms_Sheet_-_Re Coachella_3837v2**
10.9	Commerical Loan Agreement with Alterna Bank-2020-04-30**
10.10	Vacant Land Offer Extension_of_Time_Addendum_Coachella-IM Signed**
10.11	Commission Agreement Debt Fee_Agreement-Mansfield_and_West_Pender_Holdings_(Agriforce)_updated**
10.12	Warrant Agreement -35 Cent Warrant-Subscription-Agreement-ICAP-VENTURES-2018-10-22**
10.13	Subscription Agreement for \$1 Preferred Share with \$2 Common Share Warrant Example-Bourassa**
10.14	Stock Option Certificate Example-Cannaboid**

10.15	Warrant Agreement -35 Cent Shares-with 50 Cent warrant-Example-AORAM**
14.1	Code of Ethics**
21.1	List of Subsidiaries**
23.1	Consent of Marcum, LLP**
23.6	Consent of Jolie Kahn, Esq. (included in Exhibit 5.1)**

* Filed herewith.

** To be filed by amendment

ITEM 17. UNDERTAKINGS

(a) The undersigned Registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement:

(i) To include any prospectus required by Section 10(a)(3) of the Securities Act of 1933;

(ii) To reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement. Notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20 percent change in the maximum aggregate offering price set forth in the "Calculation of Registration Fee" table in the effective registration statement;

(iii) To include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement;

(2) That for the purpose of determining any liability under the Securities Act of 1933 each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

- (3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.
- (4) That, for the purpose of determining liability under the Securities Act of 1933 to any purchaser, each prospectus filed pursuant to Rule 424(b) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A, shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness. Provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.
- (6) That, for the purpose of determining liability of the registrant under the Securities Act of 1933 to any purchaser in the initial distribution of the securities:

The undersigned registrant undertakes that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

- (i) Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424;
 - (ii) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;
 - (iii) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and
 - (iv) Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.
- (b) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.
- (c) The undersigned Registrant hereby undertakes that it will:
- (1) for determining any liability under the Securities Act, treat the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4), or 497(h) under the Securities Act as part of this registration statement as of the time the SEC declared it effective.
 - (2) for determining any liability under the Securities Act, treat each post-effective amendment that contains a form of prospectus as a new registration statement for the securities offered in the registration statement, and that offering of the securities at that time as the initial bona fide offering of those securities.

SIGNATURES

Pursuant to the requirements of the Securities Act, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Vancouver, British Columbia on October 9, 2020.

AGRIFORCE GROWING SYSTEMS, LTD.

By: _____

Name: Ingo Mueller

Title: Chief Executive Officer and Director (Principal Executive Officer)

By: _____

Name: Richard Wong

Title: Chief Financial Officer (Principal Accounting Officer)

Pursuant to the requirements of the Securities Act, this registration statement has been signed below by the following persons in the capacities and on the dates indicated.

Person	Capacity	Date
_____ Ingo Mueller	Chief Executive Officer and Director (Principal Executive Officer)	October 9, 2020
_____ Richard Wong	Chief Financial Officer and Director (Principal Accounting Officer)	October 9, 2020
_____ William J. Meekison	Director	October 9, 2020
_____ David Welch	Director	October 9, 2020
_____ Donald Nicholson	Chairman of the Board and Director	October 9, 2020

Incorporation No. BC1146470

PROVINCE OF BRITISH COLUMBIA

BUSINESS CORPORATIONS ACT

ARTICLES

OF

1146470 B.C. LTD.

PART 1 - INTERPRETATION

Definitions

1.1 Without limiting Article 1.2, in these Articles, unless the context requires otherwise:

“**adjourned meeting**” means the meeting to which a meeting is adjourned under Article 9.6 or 9.10.

“**Board**” and the “**Directors**” or the “**directors**” mean the directors or the sole director of the Company for the time being.

“*Business Corporations Act*” means the *Business Corporations Act*, S.B.C. 2002, c.57, and includes any amendments thereto and its regulations.

“**Company**” means 1146470 B.C. Ltd.

“**exceptional resolution**” means

- a. a resolution passed at a general meeting under the following circumstances:
 - i. notice of the meeting specifying the intention to propose the resolution as an exceptional resolution is sent to all shareholders holding shares that carry the right to vote at general meetings at least the prescribed number of days before the meeting;
 - ii. the articles provide that, of the votes cast on the resolution by shareholders voting shares that carry the right to vote at general meetings, a specified majority must be cast in favour of the resolution before it can pass as an exceptional resolution;
 - iii. the majority of votes specified by the articles under subparagraph (ii) is greater than a special majority; and
 - iv. not less than the majority of votes specified by the articles under subparagraph (ii) is cast in favour of the resolution by shareholders voting shares that carry the right to vote at general meetings, or
- b. a resolution passed by being consented to in writing by all of the shareholders holding shares that carry the right to vote at general meetings.

“**general meeting**” means a general meeting of the shareholders of the Company, including an annual general meeting and a special general meeting.

“*Interpretation Act*” means the *Interpretation Act*, R.S.B.C. 1996, c. 238.

“**ordinary resolution**” means

- a. a resolution passed at a general meeting by a simple majority of the votes cast by shareholders voting shares that carry the right to vote at general meetings, or



- b. a resolution passed, after being submitted to all of the shareholders holding shares that carry the right to vote at general meetings, by being consented to in writing by shareholders holding shares that carry the right to vote at general meetings who, in the aggregate, hold shares carrying at least a special majority of the votes entitled to be cast on the resolution.

“Shareholders’ List” means the Company’s central securities register as required by the *Business Corporations Act*.

“special majority” means the majority of votes cast in favour of a resolution at a general meeting that constitute at least 2/3 of the votes cast on the resolution.

“special resolution” means

- a. a resolution passed at a general meeting under the following circumstances:
 - i. notice of the meeting specifying the intention to propose the resolution as a special resolution is sent to all shareholders holding shares that carry the right to vote at general meetings at least the prescribed number of days before the meeting;
 - ii. the majority of the votes cast by shareholders voting shares that carry the right to vote at general meetings is cast in favour of the resolution; and
 - iii. the majority of votes cast in favour of the resolution constitutes at least a special majority, or
- b. a resolution passed by being consented to in writing by all of the shareholders holding shares that carry the right to vote at general meetings.

“trustee”, in relation to a shareholder, means the personal or other legal representative of the shareholder, and includes a trustee in bankruptcy of the shareholder.

Business Corporations Act definitions

1.2 The definitions in the *Business Corporations Act* apply to these Articles.

Interpretation Act applies

1.3 The Interpretation Act applies to the interpretation of these Articles as if these Articles were an enactment.

Conflicts in definitions

1.4 If there is a conflict between a definition in the *Business Corporations Act* and a definition or rule in the *Interpretation Act* relating to a term used in these Articles, the definition in the *Business Corporations Act* will prevail in relation to the use of the term in these Articles.

Conflict between Articles and legislation

1.5 If there is a conflict between these Articles and the *Business Corporations Act*, the *Business Corporations Act* will prevail.

PART 2 - SHARES AND SHARE CERTIFICATES

Form of Share Certificate

2.1 Each share certificate issued by the Company must comply with, and be signed as required by, the *Business Corporations Act*.

Right to Share Certificate

2.2 Every shareholder is entitled, without charge, to one certificate representing the share or shares of each class held by the shareholder; provided that, in respect of a share or shares held jointly by several persons, the Company will not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint registered holders or to his duly authorized agent will be sufficient delivery to all; and provided further that the Company will not be bound to issue certificates representing redeemable shares, if such shares are to be redeemed within one month of the date on which they were allotted.

Share Certificates to be signed

2.3 Every share certificate will be signed manually by at least one officer or director of the Company, or by or on behalf of a registrar, branch registrar, transfer agent or branch transfer agent of the Company, and any additional signatures may be printed or otherwise mechanically reproduced and, in such event, a certificate so signed is as valid as if signed manually, notwithstanding that any person whose signature is so printed or mechanically reproduced will have ceased to hold the office that he is stated on such certificate to hold at the date of the issue of a share certificate.

Mail delivery of Share Certificate

2.4 Any share certificate that a shareholder is entitled to may be sent to the shareholder by mail and neither the Company nor any agent is liable for any loss to the shareholder because the share certificate sent is lost in the mail or stolen.

Replacement of Share Certificate

2.5 If the directors are satisfied that a share certificate is worn out or defaced, they must, on production to them of the share certificate and on such other terms, if any, as they think fit:

- a. order the certificate to be cancelled, and
- b. issue a replacement share certificate

2.6 If a share certificate is lost, stolen or destroyed, a replacement share certificate must be issued to the person entitled to that share certificate if the directors receive

- a. satisfactory evidence that the share certificate is lost, stolen or destroyed, and
- b. any indemnity that the directors deem adequate.

2.7 If a share certificate represents more than one share and the registered shareholder thereof surrenders it to the Company with a written request that the Company issue two or more share certificates in the name of the registered shareholder with each replacement share certificate representing a specified number of shares and in the aggregate representing the same number of shares as the share certificate so surrendered, the Company will cancel the surrendered share certificate and issue replacement share certificates in accordance with such request.

2.8 If a shareholder surrenders two or more share certificates to the Company together with a written request that the Company issue one replacement share certificate registered in the name of the shareholder representing the aggregate number of shares represented by the surrendered share certificates, the Company will cancel the surrendered share certificates and issue one replacement share certificate in accordance with such request.

2.9 The directors may from time to time fix a sum to be paid to the Company for each replacement share certificate to be issued under these Articles.

Trusts not recognized

2.10 Except as required by law, statute or these Articles, no person will be recognised by the Company as holding any share upon any trust, and the Company will not be bound or compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any share or in any fractional part of a share or (except only as by law, statute or these Articles provide or as ordered by a court of competent jurisdiction) any other rights in respect of any share except an absolute right to the entirety thereof in its registered holder.

PART 3 - ISSUANCE OF SHARES

Issuance Price

3.1 The issue price for a share must be set by the Board in its absolute discretion, and for shares with a par value, at a price equal or greater to the par value of the share.

Consideration for Shares

3.2 No share may be issued until it is fully paid and the Company will have received the full consideration therefor in cash, property or past services actually performed for the Company. The value of property or services for the purpose of this Article will be the value determined by the directors by resolution to be, in all circumstances of the transaction, the fair market value thereof.

Discretionary Authority

3.3 The directors may, subject to the rights of the holders of the issued shares of the Company, issue, allot, sell, grant options on, or otherwise dispose of the unissued shares and issued shares held by the Company, at the times, to the persons, including directors, in the manner, on the terms and conditions, and for the issue prices that the directors, in their absolute discretion, may determine.

Shareholders' Rights

3.4 Except as required by law or these Articles, the Company need not recognize or provide for any person's interests in or rights to a share unless that person is the shareholder of the share.

PART 4 – CENTRAL SECURITIES REGISTER

Shareholders' List

4.1 The Company will keep or cause to be kept a Shareholders' List, which will list the name and address of each shareholder, the class or series of the shares, the number of shares registered to each shareholder, and the date and particulars of each share issuance and each share transfer. If the Company's capital will consist of more than one class of shares, a Shareholders' List may be kept in respect of each class of shares.

Location of Shareholders' List

4.2 The Company will keep the Shareholders' List at the records office of the Company or at any other location in British Columbia designated by the directors.

Transfer Agent and Registrar

4.3 The directors on behalf of the Company may appoint an agent to keep and maintain the Shareholders' List, or, if there is more than one class of shares, the directors may appoint an agent, which need not be the same agent, to keep the Shareholders' List for each class of shares. The directors on behalf of the Company may also appoint one or more agents to keep the Shareholders' List of its shares or of a class thereof, as transfer agent for its shares or such class thereof, as the case may be, and the same or another agent as registrar for its shares or such class thereof, as the case may be. The directors may terminate the appointment of any such agent at any time and may appoint another agent in its place.

Branch Registers

4.4 The Company may keep or cause to be kept one or more branch Shareholders' List at such place or places as the directors may from time to time determine.

Maintain open Register

4.5 The Company will not at any time close its Shareholders' List.

PART 5 – SHARE TRANSFERS

Share Transfer

5.1 Subject to the provisions of these Articles that may be applicable, including without limitation the restrictions on the transfer of the shares in Part 24 hereof that may be applicable, any shareholder may transfer any of his shares by instrument in writing executed by or on behalf of such shareholder and delivered to the Company or its transfer agent. Except to the extent that the *Business Corporations Act* may otherwise provide, the transferor will be deemed to remain the holder of the shares until the name of the transferee is entered in the Shareholders' List or a branch Shareholders' List in respect thereof.

Registration of Transfer

5.2 A transfer of a share of the Company must not be recorded or registered:

- a. unless a duly signed instrument of transfer in respect of the share has been received by the Company and the certificate representing the share to be transferred has been surrendered and cancelled, and
- b. if no certificate has been issued by the Company in respect of the share, unless a duly signed instrument of transfer in respect of the share has been received by the Company.

Transfer Instrument

5.3 The transfer instrument in respect of any share of the Company must be either in the form, if any, on the back of the Company's share certificates or in any other form that may be approved by the Board from time to time.

Completion of Transfer Instrument

5.4 If a shareholder, or his or her duly authorized attorney, signs a transfer instrument in respect of shares registered in the name of the shareholder, the signed instrument of transfer constitutes a complete and sufficient authority to the Company and its directors, officers and agents to register the number of shares specified in the transfer instrument, or, if no number is specified all the shares represented by share certificates deposited with the transfer instrument:

- a. in the name of the person named as transferee in that transfer instrument; or
- b. if no person is named as transferee in that transfer instrument, in the name of the person on whose behalf the share certificate is deposited for the purpose of having the transfer registered.

Delivery of Transfer Instrument

5.5 Every transfer instrument will be signed by the transferor and left at the registered office of the Company or at the office of its transfer agent or registrar for registration together with the share certificate for the shares to be transferred and such other evidence, if any, as the directors or the transfer agent or registrar may require to prove the title of the transferor or his right to transfer the shares and the right of the transferee to have the transfer registered. All transfer instruments will be retained by the Company or its transfer agent or registrar.

Title of Transferee

5.6 Neither the Company nor any director, officer or agent thereof will be bound to inquire into the title of the person named in the transfer instrument as transferee, or, if no person is named therein as transferee, of the person on whose behalf the certificate is deposited with the Company for the purpose of having the transfer registered or be liable to any claim by such registered owner or by any intermediate owner or holder of the certificate or of any of the shares represented thereby or any interest therein for registering the transfer, and the transfer, when registered, will confer upon the person in whose name the shares have been registered a valid title to such shares.

Transfer Fee

5.7 The directors, at their absolute discretion, may from time to time fix a sum, if any, to be paid to the Company for each transfer and the registration of each transfer under these Articles.

Transfer to Survivor

5.8 In the case of the death of a shareholder, the survivor, or survivors where the deceased was a joint registered holder, and the legal personal representative of the deceased, where the shareholder was the sole holder, will be the only persons recognized by the Company as having any title to the shareholder's interest in the shares. Before recognizing any legal personal representative the directors may require the legal personal representative to obtain a grant of probate or letters of administration in British Columbia.

Rights of Representative and Trustee

5.9 Upon the death or bankruptcy of a shareholder, his personal representative or trustee in bankruptcy, although not a shareholder, will have the same rights, privileges and obligations that attach to the shares formerly held by the deceased or bankrupt shareholder if the documents required by the *Business Corporations Act* will have been deposited at the Company's registered office.

Right to Transfer

5.10 Any person becoming entitled to a share in consequence of the death or bankruptcy of a shareholder will upon such documents and evidence being produced to the Company as the *Business Corporations Act* requires, or who becomes entitled to a share as a result of an order of a court of competent jurisdiction or a statute has the right either to be registered as a shareholder in his representative capacity in respect of such share, or, if he is a personal representative, instead of being registered himself, to make such transfer of the share as the deceased or bankrupt person could have made; but the Board will, as regards a transfer by a personal representative or trustee in bankruptcy, have the same right, if any, to decline or suspend registration of a transferee as they would have in the case of a transfer of share by the deceased or bankrupt person before the death or bankruptcy.

PART 6 - PURCHASE AND REDEMPTION OF SHARES

Purchase of Shares

6.1 Subject to the special rights and restrictions attached to any class of shares, the Company may, by a resolution of the directors and in compliance with the *Business Corporations Act*, purchase any of its shares at the price and upon the terms specified in such resolution or redeem any class of its shares in accordance with the special rights and restrictions attaching thereto.

Redemption of Shares

6.2 If the Company proposes at its option to redeem some but not all of the shares of any class, as the directors may, subject to the special rights and restrictions attached to such class of shares, decide the manner in which the shares to be redeemed will be selected.

Pro-Rata Purchase

6.3 Unless the shares are to be purchased through a stock exchange or the Company is purchasing the shares from dissenting shareholders pursuant to the requirements of the *Business Corporations Act*, the Company will make its offer to purchase pro rata to every shareholder who holds shares of the class or kind, as the case may be, to be purchased.

Restrictions

6.4 The Company must not make a payment or provide any other consideration to purchase or redeem any of its shares if there are reasonable grounds for believing that the Company is insolvent at the time of the proposed purchase or redemption, or if the proposed purchase or redemption would render the Company insolvent.

Voting Rights

6.5 Subject to the provisions of the *Business Corporations Act*, any shares purchased or redeemed by the Company may be sold or issued by it, but, while the Company holds such shares, it will not exercise any vote in respect of these shares and no dividend will be paid thereon.

PART 7 - BORROWING POWERS

Powers of directors

7.1 The Board may from time to time on behalf of the Company:

- a. borrow money in such manner and amount, on such security, from such sources and upon such terms and conditions as the Board considers appropriate;
- b. issue bonds, debentures, and other debt obligations either outright or as security for any liability or obligation of the Company or any other person;
- c. guarantee the repayment of money by any other person or the performance of any obligation of any other person; and
- d. mortgage, charge, whether by way of specific or floating charge, or give other security on any part of the present and future undertaking or on any part of the present and future property and assets of the Company.

Issuance of debt obligation

7.2 Any bonds, debentures or other debt obligations of the Company may be issued at a discount, premium or otherwise, and with special privileges as to redemption, surrender, drawing, allotment of, or conversion into or exchange for shares or other securities, attending or voting at general meetings of the Company, appointment of directors or otherwise and may by their terms be assignable free from any equities between the Company and the person to whom they were issued or any subsequent holder thereof, all as the directors may determine.

Validity of debt obligation

7.3 Every bond, debenture or other debt obligation of the Company will be signed manually by at least one director or officer of the Company or by or on behalf of a trustee, registrar, branch registrar, transfer agent or branch transfer agent for the bond, debenture or other debt obligation appointed by the Company or under any instrument under which the bond, debenture or other debt obligation is issued and any additional signatures may be printed or otherwise mechanically reproduced thereon and, in such event, a bond, debenture or other debt obligation so signed is as valid as if signed manually notwithstanding that any person whose signature is so printed or mechanically reproduced will have ceased to hold the office that he is stated on such bond, debenture or other debt obligation to hold at the date of the issue thereof.

Register of indebtedness

7.4 The Company will keep or cause to be kept a register of its indebtedness to every director or officer of the Company or any associate of any of them in.

PART 8 - SHAREHOLDERS' MEETINGS

Annual general meetings

8.1 Unless an annual general meeting is deferred or waived in accordance with section 182(2)(a) of the *Business Corporations Act*, the Company must hold its first annual general meeting within 18 months after the date on which it was incorporated or otherwise recognized, and after that must hold an annual general meeting at least once in each calendar year and not more than 15 months after the last annual general meeting.

Deemed annual general meeting

8.2 If the Company is or becomes a company that is not a reporting company and if all of the shareholders who are entitled to vote at an annual general meeting consent by a unanimous resolution under section 182(2)(b) of the *Business Corporations Act* to all of the business that is required to be transacted at that annual general meeting, the annual general meeting is deemed to have been held on the date selected, under section 182(3) of the *Business Corporations Act*, in the unanimous resolution.

Special general meetings

8.3 All general meetings other than the annual general meetings are herein referred to as and may be called special general meetings.

Calling of shareholders' meeting

8.4 The directors may, whenever they think fit, call a general meeting.

Calling of special general meeting

8.5 The directors may, whenever they think fit, convene a special general meeting. A special general meeting, if requisitioned in accordance with the *Business Corporations Act*, will be convened by the directors or, if not convened by the directors, may be convened by the requisitionists as provided by the *Business Corporations Act*.

Advance notice of election of directors

8.6 If the Company is or becomes a reporting company, advance notice of any general meeting at which directors are to be elected will be published in the manner required by the *Business Corporations Act*.

Notice of general meeting

8.7 A notice convening a general meeting specifying the place, the day, and the hour of the meeting, and, in case of special business, the general nature of that business, will be given as provided in the *Business Corporations Act* and in the manner hereinafter in these Articles mentioned, or in such other manner (if any) as may be prescribed by ordinary resolution, whether previous notice thereof has been given or not, to such persons as are entitled by law or under these Articles to receive such notice from the Company. Accidental omission to give notice of a general meeting to, or the non-receipt of notice of a general meeting by, any shareholder will not invalidate the proceedings at that general meeting.

Waiver or reduction of notice

8.8 All the shareholders of the Company entitled to attend and vote at a general meeting may, by unanimous consent in writing given before, during, or after the meeting, or if they are present at the meeting, by a unanimous vote, waive or reduce the period of notice of such general meeting and an entry in the minute book of such waiver or reduction will be sufficient evidence of the due convening of the general meeting.

Special business

8.9 If a general meeting is to consider special business within the meaning of Article 9.1, the notice of general meeting must

- a. state the general nature of the special business, and
- b. if the special business includes considering, approving, ratifying, adopting or authorizing any document or the signing of or giving of effect to any document, have attached to it a copy of the document or state that a copy of the document will be available for inspection by shareholders
 - i. at the Company's records office, or at such other reasonably accessible location in British Columbia as is specified by the notice, and

- ii. during statutory business hours on any one or more specified days before the day set for the holding of the meeting.

PART 9 - PROCEEDINGS AT SHAREHOLDERS' MEETINGS

Special business

9.1 All business will be deemed special business that is transacted at:

- a. a special general meeting, other than the business relating to the conduct of or voting at such shareholders' meeting; and
- b. an annual general meeting, with the exception of:
 - i. the conduct of and voting at such meeting;
 - ii. the consideration of any financial statement and of the respective reports of the directors and auditors;
 - iii. fixing or changing the number of directors;
 - iv. the election or appointment of directors;
 - v. the appointment of an auditor;
 - vi. the fixing of the remuneration of the auditor; and
 - vii. such other business as by these Articles or the *Business Corporations Act* may be transacted at a general meeting without prior notice thereof being given to the shareholders or any business that is brought under consideration by the report of the directors not requiring the passing of a special resolution or an exceptional resolution.

Quorum

9.2 Subject to the special rights and restrictions attached to the shares of any class or series of shares, the quorum for the transaction of business at a general meeting is two persons who are, or who represent by proxy, shareholders who, in the aggregate, hold at least 1/20 of the issued shares entitled to be voted at the general meeting.

One shareholder quorum

9.3 If there is only one shareholder entitled to vote at a general meeting,

- a. the quorum is one person who is, or who represents by proxy, that shareholder, and
- b. that shareholder, present in person or by proxy, may constitute the general meeting.

Other persons may attend

9.4 The directors, the president, if any, the secretary, if any, and any lawyer or auditor for the Company are entitled to attend any general meeting, but if any of those persons does attend a general meeting that person is not to be counted in the quorum, and is not entitled to vote at the general meeting, unless that person is a shareholder or proxy holder entitled to vote at the general meeting.

Quorum at commencement

9.5 No business, other than election of the chairman or the adjournment of the general meeting, will be transacted at any general meeting unless a quorum of shareholders, entitled to attend and vote, is present at the commencement of the general meeting, but the quorum need not be present throughout the general meeting.

Lack of quorum

9.6 If within 30 minutes from the time appointed for a general meeting, a quorum is not present:

- a. in the case of a general meeting convened by requisition of shareholders, the general meeting is dissolved, and

- b. in the case of any other general meetings, the general meeting stands adjourned to the same day in the next week, at the same time and place.

Lack of quorum at succeeding meeting

9.7 If, at the adjourned general meeting to which the first general meeting referred to in Article 9.6(b) was adjourned, a quorum is not present within 30 minutes from the time appointed for the general meeting, the person or persons present and being, or representing by proxy, a shareholder or shareholders entitled to attend and vote at the general meeting will constitute a quorum.

Chair of meeting

9.8 The following individual is entitled to preside as chair at a general meeting:

- a. the chair of the board, if any; or
- b. if the chair of the board is absent or unwilling to act as chair of the general meeting, the president, if any.

Alternate chair

9.9 If, at any general meeting, there is no chair of the board or president present within 15 minutes after the time set for holding the general meeting, or if the chair of the board and the president are unwilling to act as chair of the general meeting, or if the chair of the board and the president have advised the secretary, if any, or any director present at the general meeting, that they will not be present at the general meeting, the directors present must choose one of their number to be chair of the general meeting or if all of the directors present decline to take the chair or fail to so choose or if no director is present, the shareholders present in person or by proxy must choose any person present at the general meeting to chair the general meeting.

Adjournments

9.10 The chair of a general meeting may, and if so directed by the general meeting must, adjourn the general meeting from time to time and from place to place, but no business may be transacted at any adjourned general meeting other than the business left unfinished at the general meeting from which the adjournment took place.

Notice of adjourned meeting

9.11 It is not necessary to give any notice of an adjourned meeting or of the business to be transacted at an adjourned meeting of shareholders except that, when a general meeting is adjourned for 30 days or more, notice of the adjourned meeting must be given as in the case of the original general meeting. Save as aforesaid, it will not be necessary to give any notice of an adjourned meeting or of the business to be transacted at an adjourned meeting.

Motion need not be seconded

9.12 No motion proposed at a general meeting need be seconded unless the chair of the general meeting rules otherwise, and the chair of any general meeting is entitled to propose or second a motion.

Calling of a poll

9.13 Subject to the provisions of the *Business Corporations Act*, at any general meeting a resolution put to the vote of the general meeting will be decided on a show of hands, unless (before or on the declaration of the result of the show of hands) a poll is directed by the chair of the general meeting or demanded by at least one shareholder entitled to vote who is present in person or by proxy.

Manner of taking poll

9.14 Subject to Article 9.15, if a poll is duly demanded at a general meeting:

- a. the poll must be taken

- i. at the general meeting, or within 7 days after the date of the general meeting, as the chair of the general meeting directs; and
- ii. in the manner, at the time and at the place that the chair of the general meeting directs;
- b. the result of the poll is deemed to be a resolution of and passed at the general meeting at which the poll is demanded; and
- c. the demand for the poll may be withdrawn.

Demand for poll on adjournment

9.15 A poll demanded at a general meeting on a question of adjournment must be taken immediately at the general meeting.

Continuation of meeting

9.16 The demand for a poll at a general meeting does not, unless the chair of the general meeting so rules, prevent the continuation of a general meeting for the transaction of any business other than the question on which a poll has been demanded.

No poll for election of chair

9.17 No poll may be demanded in respect of the vote by which a chair of a general meeting is elected.

Casting of votes on poll

9.18 On a poll a person entitled to cast more than one vote need not, if he votes, use all his votes or cast all the votes he uses in the same way.

Chair must resolve dispute

9.19 In the case of any dispute as to the admission or rejection of a vote given on a poll, the chair of the general meeting must determine the same, and his or her determination made in good faith is final and conclusive.

Chair has not second vote

9.20 In the case of an equality of votes, whether on a show of hands or on a poll, the chair of the general meeting at which the show of hands takes place or at which the poll is demanded will not be entitled to a second or casting vote in addition to the vote or votes to which the chair may be entitled as a shareholder or a proxyholder.

Declaration of result

9.21 The chair of a general meeting must declare to the general meeting the decision on every question in accordance with the result of the show of hands or the poll, as the case may be, and that decision must be entered in the minutes of the general meeting.

Record of poll

9.22 Every ballot cast upon a poll and every proxy appointing a proxyholder who casts a ballot upon a poll will be retained in the records of the general meeting for such period and be subject to such inspection as the *Business Corporations Act* may provide.

PART 10 - VOTES OF SHAREHOLDERS

Voting rights

10.1 Subject to any special rights or restrictions attached to any shares and to the restrictions imposed on joint registered holders of shares under Article 10.3,

- a. on a vote by show of hands, every person present who is a shareholder or proxyholder and entitled to vote at the general meeting has one vote, and
- b. on a poll, every shareholder entitled to vote has one vote in respect of each share held by that shareholder that carries the right to vote on that poll and may exercise that vote either in person or by proxy.

Trustee of shareholder may vote

10.2 A person who is not a shareholder may vote on a resolution at a general meeting, whether on a show of hands or on a poll, and may appoint a proxyholder to act at the general meeting in relation to that resolution, if, before doing so, the person satisfies the chair of the general meeting at which the resolution is to be considered, or the directors, that the person is a trustee for a shareholder who is entitled to vote on the resolution.

Votes by joint shareholders

- 10.3 If there are joint shareholders registered in respect of any share,
- a. any one of the joint shareholders may vote at any general meeting, either personally or by proxy, in respect of the share as if that joint shareholder were solely entitled to it, or
 - b. if more than one of the joint shareholders is present at any general meeting, personally or by proxy, the joint shareholder present whose name stands first on the Shareholders' List in respect of the share is alone entitled to vote in respect of that share.

Trustees as joint shareholders

10.4 Two or more trustees of a shareholder in whose sole name any share is registered are, for the purposes of Article 10.3, deemed to be joint shareholders.

Representative of a corporate shareholder

- 10.5 If a company that is not a subsidiary of the Company is a shareholder of the Company, that company may appoint a person to act as its representative at any general meeting of the Company, and,
- a. for that purpose, the instrument appointing a representative must:
 - i. be received at the registered office of the Company or at any other place specified, in the notice calling the general meeting, for the receipt of proxies, at least two business days before the day set for the holding of the general meeting, or
 - ii. be provided, at the general meeting, to the chair of the meeting, and
 - b. if a representative is appointed under this Article,
 - i. the representative is entitled to exercise in respect of and at that general meeting the same rights on behalf of the company that the representative represents as that company could exercise if it were a shareholder who is an individual, including, without limitation, the right to appoint a proxyholder, and
 - ii. the representative, if present at the general meeting, is to be counted for the purpose of forming a quorum and is deemed to be a shareholder present in person at the general meeting.

Vote by committee

10.6 A shareholder of unsound mind entitled to attend and vote, in respect of whom an order has been made by any court having jurisdiction, may vote, whether on a show of hands or on a poll, by his committee, curator bonis, or other person in the nature of a committee or curator bonis appointed by that court, and any such committee, curator bonis, or any other person may appoint a proxyholder.

Appointment of proxyholder

10.7 Every shareholder of the Company, including a corporation that is a shareholder but not a subsidiary of the Company, entitled to vote at a general meeting may, by proxy, appoint a proxyholder to attend and act at the general meeting in the manner, to the extent and with the powers conferred by the proxy.

Alternate proxyholder

10.8 A shareholder may appoint one or more alternate proxy holders to act in the place of an absent proxy holder.

Appointment of more than one proxyholder

10.9 A shareholder holding more than one share in respect of which he is entitled to vote will be entitled to appoint one or more (but not more than five) proxyholders to attend, act and vote for him on the same occasion. If such a shareholder should appoint more than one proxyholder for the same occasion he will specify the number of shares each proxyholder will be entitled to vote.

When proxyholder need not be a shareholder

10.10 A person must not be appointed as a proxyholder unless the person is a shareholder, although a person who is not a shareholder may be appointed as a proxyholder if

- a. the Company is at the time of the appointment of the proxyholder a public company,
- b. the person appointing the proxyholder is a corporation or a representative of a corporation appointed under Article 10.5,
- c. the Company has at the time of the general meeting for which the proxyholder is to be appointed only one shareholder entitled to vote at the general meeting, or
- d. the shareholders present in person or by proxy at and entitled to vote at the general meeting for which the proxy holder is to be appointed, by a resolution on which the proxyholder is not entitled to vote but in respect of which the proxyholder is to be counted in the quorum, permit the proxyholder to attend and vote at the general meeting,

and in all other cases a proxyholder must be a shareholder.

Proxy in writing

10.11 A form of proxy will be in writing under the hand of the appointor or of his attorney duly authorized in writing, or, if the appointor is a corporation, either under the seal of the corporation or under the hand of a duly authorized officer or attorney.

Delivery of proxy

10.12 A form of proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy thereof will be deposited at the registered office of the Company or at such other place as is specified for that purpose in the notice convening the general meeting, not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time for holding the general meeting in respect of which the person named in the instrument is appointed. In addition to any other method of depositing proxies provided for in these Articles, the directors may from time to time by resolution make regulations relating to the depositing of proxies at any place or places and fixing the time or times for depositing the proxies not exceeding 48 hours (excluding Saturdays, Sundays and holidays) preceding the general meeting or adjourned general meeting specified in the notice calling a general meeting and providing for particulars of such proxies to be sent to the Company or any agent of the Company in writing or by letter, telegram, telex or any method of transmitting legibly recorded messages so as to arrive before the commencement of the general meeting or adjourned general meeting at the office of the Company or of any agent the Company appointed for the purpose of receiving such particulars and providing that proxies so deposited may be acted upon as though the proxies themselves were deposited as required by this Article and votes given in accordance with such regulations will be valid and will be counted.

Form of proxy

10.13 Unless the *Business Corporations Act* or any other statute or law which is applicable to the Company or to any class of its shares requires any other form of proxy, a proxy, whether for a specified general meeting or otherwise, will be in the form following, but may also be in any other form that the directors or the chair of the general meeting will approve:

(Name of Company)

The undersigned, being a shareholder of the Company, appoints _____, or failing that person, _____ as proxyholder for the undersigned to attend, act and vote for and on behalf of the undersigned at the shareholders' meeting of the Company to be held on the ____ day of _____ and at any adjournment of that shareholders' meeting.

Signed this ____ day of _____, 20__.

(Signature of shareholder)

Validity of proxy votes

10.14 A vote given in accordance with the terms of a proxy is valid despite the death or incapacity of the shareholder giving the proxy and despite the revocation of the proxy or the revocation of the authority under which the proxy is given, unless notice in writing of that death, incapacity or revocation is received:

- a. at the registered office of the Company, at any time up to and including the last business day before the day set for the holding of the general meeting at which the proxy is to be used, or
- b. by the chair of the general meeting, before the vote is taken.

Revocation of proxies

10.15 Subject to Article 10.16, every proxy may be revoked by an instrument in writing that is

- a. received at the registered office of the Company at any time up to and including the last business day before the day set for the holding of the general meeting at which the proxy is to be used, or
- b. provided at the general meeting to the chair of the general meeting.

Revocation of proxies must be signed

10.16 An instrument referred to in Article 10.15 must be signed as follows:

- a. if the shareholder for whom the proxyholder is appointed is an individual, the instrument must be signed by the shareholder or his or her trustee; or
- b. if the shareholder for whom the proxyholder is appointed is a corporation, the instrument must be signed by the corporation or by a representative appointed for the corporation under Article 10.5.

Production of evidence of authority to vote

10.17 The chair of any general meeting may, but need not, inquire into the authority of any person to vote at the general meeting and may, but need not, demand from that person production of evidence as to the existence of the authority to vote.

PART 11 - DIRECTORS

Number of directors

- 11.1 The Company must have a board of directors consisting of
- a. subject to paragraph (b), the number of directors that is equal to the number of the Company's first directors, or
 - b. the number of directors set by ordinary resolution.

Change in number of directors

- 11.2 If the number of directors is changed by the shareholders under Article 11.1 (b),
- a. the change is effective whether or not previous notice of the resolution was given, and
 - b. the shareholders may elect, or appoint by ordinary resolution, the directors needed to fill any vacancies in the Board that result from that change.

Remunerations of directors

11.3 The remuneration of the directors as such may from time to time be determined by the directors or, if the directors will so decide, by the shareholders. Such remuneration may be in addition to any salary or other remuneration paid to any officer or employee of the Company as such who is also a director. The directors will be repaid such reasonable travelling, hotel and other expenses as they incur in and about the business of the Company and if any director will perform any professional or other services for the Company that in the opinion of the directors are outside the ordinary duties of a director or will otherwise be specially occupied in or about the Company's business, he may be paid a remuneration to be fixed by the Board, or, at the option of such director, by the Company in a general meeting, and such remuneration may be either in addition to, or in substitution for any other remuneration that he may be entitled to receive. The directors on behalf of the Company, unless otherwise determined by ordinary resolution, may pay a gratuity or pension or allowance on retirement to any director who has held any salaried office or place of profit with the Company or to his spouse or dependants and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

PART 12 - ELECTION AND REMOVAL OF DIRECTORS

Election of directors

- 12.1 At every annual general meeting,
- a. the shareholders entitled to vote at the annual general meeting for the election or appointment of directors must elect or appoint a board of directors consisting of the number of directors for the time being required under these Articles, and
 - b. all the directors cease to hold office immediately before the election or appointment of directors under paragraph (a), but are eligible for re-election or reappointment.

Shareholders' resolutions

12.2 If the Company is, or becomes, a company that is not a reporting company and the business to be transacted at any annual general meeting is consented to in writing by all the shareholders who are entitled to attend and vote at such annual general meeting will be deemed for the purpose of these Articles to have been held on such written consent becoming effective.

Failure to elect or appoint directors

12.3 If the Company fails to hold an annual general meeting in accordance with the *Business Corporations Act* or fails, at an annual general meeting, to elect or appoint any directors, the directors then in office continue to hold office until the earlier of

- a. the date on which the failure is remedied, and
- b. the date on which they otherwise cease to hold office under the *Business Corporations Act* or these Articles.

Casual vacancies

12.4 Any casual vacancy occurring in the Board of Directors may be filled by the remaining directors or director.

Additional directors

12.5 Despite Articles 11.1 and 11.2, the directors may appoint one or more additional directors, but the number of additional directors appointed under this Article must not at any time exceed:

- a. one-third of the number of first directors, if, at the time of the appointments, one or more of the first directors have not yet completed their first term of office, or
- b. in any other case, one-third of the number of the current directors who were elected or appointed as directors other than under this Article.

Directors' acts valid despite vacancy

12.6 An act or proceeding of the directors is not invalid merely because fewer than the number of directors required by Article 11.1 are in office.

Alternate director

12.7 Any director may by instrument in writing delivered to the Company appoint any person to be his alternate to act in his place at meetings of the directors at which he is not present unless the directors will have reasonably disapproved the appointment of such person as an alternate director and will have given notice to that effect to the director appointing the alternate director within a reasonable time after delivery of such instrument to the Company. Every such alternate will be entitled to notice of meetings of the directors and to attend and vote as a director at a meeting at which the person appointing him is not personally present, and, if he is a director, to have a separate vote on behalf of the director he is representing in addition to his own vote. A director may at any time by instrument, telegram, telex or any method of transmitting legibly recorded messages delivered to the Company revoke the appointment of an alternate appointed by him. The remuneration payable to such an alternate will be payable out of the remuneration of the director appointing him.

Vacancy

12.8 The office of director will be vacated if the director:

- a. resigns his office by notice in writing delivered to the registered office of the Company;
- b. is convicted of an indictable offence and the other directors will have resolved to remove him; or
- c. ceases to be qualified to act as a Director pursuant to the *Business Corporations Act*.

Removal of director

12.9 The Company may by special resolution remove any director before the expiration of his period of office, and may by an ordinary resolution appoint another person in his stead.

PART 13 - POWERS AND DUTIES OF DIRECTORS

Management of business

13.1 The Board must, subject to the *Business Corporations Act* and these Articles, manage or supervise the management of the business and affairs of the Company.

Power of attorney

13.2 The Board may from time to time by power of attorney or other instrument under the seal, appoint any person to be the attorney of the Company for such purposes, and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these Articles and excepting the powers of the directors relating to the constitution of the Board and of any of its committees and the appointment or removal of officers and the power to declare dividends) and for such period, with such remuneration and subject to such conditions as the Board may think fit, and any such appointment may be made in favour of any person, firm or corporation, and any such power of attorney may contain such provisions for the protection or convenience of persons dealing with such attorney as the Board thinks fit. Any such attorney may be authorized by the Board to sub-delegate all or any of the powers, authorities and discretions for the time being vested in him.

PART 14 - DISCLOSURE OF INTEREST OF DIRECTORS

Disclosure of interest

14.1 A director who is, in any way, directly or indirectly interested in an existing or proposed contract or transaction with the Company or who holds any office or possesses any property whereby, directly or indirectly, a duty or interest might be created to conflict with his duty or interest as a director will declare the nature and extent of his interest in such contract or transaction or of the conflict or potential conflict with his duty and interest as a director, as the case may be, in accordance with the provisions of the *Business Corporations Act*.

Voting restrictions and exemptions

14.2 A director will not vote in respect of any such contract or transaction with the Company in which he is interested and if he will do so his vote will not be counted, but he will be counted in the quorum present at the meeting at which such vote is taken. Subject to the provisions of the *Business Corporations Act*, the foregoing prohibitions will not apply to:

- a. any such contract or transaction relating to a loan to the Company, which a director or a specified corporation or a specified firm in which he has an interest has guaranteed or joined in guaranteeing the repayment of the loan or any part of the loan;
- b. any contract or transaction made or to be made with, or for the benefit of, a holding corporation or a subsidiary corporation of which a director is a director;
- c. any contract by a director to subscribe for or underwrite shares of debentures to be issued by the Company or a subsidiary of the Company, or any contract, arrangement or transaction in which a director is, directly or indirectly, interested if all the other directors are also, directly or indirectly, interested in the contract, arrangement, or transaction;
- d. determining the remuneration of the directors;
- e. purchasing and maintaining insurance to cover directors against liability incurred by them as directors; or
- f. the indemnification of any director by the Company.

These exceptions may from time to time be suspended or amended to any extent approved by the Company, in a general meeting and permitted by the *Business Corporations Act*, either generally or in respect of any particular contract or transaction or for any particular period.

Other office of director

14.3 A director may hold any office or place of profit with the Company (other than the office of auditor of the Company) in addition to his or her office of director for the period and on the terms (as to remuneration or otherwise) that the directors may determine.

No disqualification

14.4 No director or intended director will be disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or place of profit or as vendor, purchaser or otherwise, and, subject to compliance with the provisions of the *Business Corporations Act*, no contract or transaction entered into by or on behalf of the Company in which a director is in any way interested will be liable to be voided by reason thereof.

Professional services by director or officer

14.5 Subject to compliance with the provisions of the *Business Corporations Act*, a director or officer of the Company, or any corporation or firm in which that individual has an interest, may act in a professional capacity for the Company, except as auditor of the Company, and the director or officer or such corporation or firm is entitled to remuneration for professional services as if that individual were not a director or officer.

Accountability

14.6 A director may be or become a director or other officer or employee of, or otherwise be interested in, any corporation or firm in which the Company may be interested as a shareholder or otherwise, and subject to compliance with the provisions of the *Business Corporations Act*, such director will not be accountable to the Company for any remuneration or other benefits received by him as director, officer or employee of, or from his interest in such other corporation or firm, unless the Company in a general meeting otherwise directs.

PART 15 - PROCEEDINGS OF THE DIRECTORS

Board meetings

15.1 The directors may meet together for the conduct of business, adjourn and otherwise regulate the Board meetings as they think fit, and Board meetings held at regular intervals may be held at the place, at the time and on the notice, if any, that the Board may by resolution from time to time determine.

Chair of Board meetings

15.2 Board meetings will be chaired by

- a. the chair of the Board, if any,
- b. in the absence of the chair of the Board, the president, if any, if the president is a director, or
- c. any other director chosen by the directors if
 - i. neither the chair of the Board nor the president, if a director, is present at the meeting within 15 minutes after the time set for holding the meeting,
 - ii. neither the chair of the board nor the president, if a director, is willing to chair the meeting, or
 - iii. the chair of the board and the president, if a director, have advised the secretary, if any, or any other director, that they will not be present at the meeting.

Participation in Board meetings

15.3 A director may participate in a Board meeting or of any committee of the directors by means of conference telephones or other communications facilities by means of which all directors participating in the meeting can hear each other and

provided that all such directors agree to such participation. A director participating in a Board meeting in accordance with this Article will be deemed to be present at the meeting and to have so agreed and will be counted in the quorum therefor and be entitled to speak and vote thereat.

Voting at Board meetings

15.4 Questions arising at any Board meeting are to be decided by a majority of votes and, in the case of an equality of votes, the chair of the Board meeting does not have a second or casting vote.

Calling of Board meeting

15.5 A director may, and the corporate secretary, if any, on request of a director must, call a meeting of the board at any time.

Notice of Board meeting

15.6 Subject to Articles 15.6 and 15.7, if a Board meeting is called under Article 15.5, reasonable notice of that Board meeting, specifying the place, date and time of that meeting, must be given to each of the directors

- a. by mail addressed to the director's address as it appears on the books of the Company or to any other address provided to the Company by the director for this purpose,
- b. by leaving it at the director's prescribed address or at any other address provided to the Company by the director for this purpose, or
- c. orally, by delivery of written notice or by telephone, voice mail, e-mail, fax or any other method of legibly transmitting messages.

When notice not required

15.7 It is not necessary to give notice of a Board meeting to a director if

- a. the Board meeting is to be held immediately following a shareholders' meeting at which that director was elected or appointed or is the Board meeting at which that director is appointed, or
- b. the director has filed a waiver under Article 15.9.

Board meeting valid despite failure to give notice

15.8 The accidental omission to give notice of any Board meeting to any director, or the non-receipt of any notice by any director, does not invalidate any proceedings at that Board meeting.

Waiver of notice of Board meetings

15.9 Any director may file with the Company a document signed by the director waiving notice of any past, present or future Board meeting and may at any time withdraw that waiver with respect to Board meetings held after that withdrawal.

Effect of waiver

15.10 After a director files a waiver under Article 15.9 with respect to future Board meetings, and until that waiver is withdrawn, notice of any Board meeting need not be given to that director unless the director otherwise requires in writing to the Company.

Quorum

15.11 The quorum necessary for the transaction of the business of the directors may be set by the directors and, if not so set, is a majority of the directors.

Quorum of one director

15.12 If, in accordance with Article 11.1, the number of directors is one, the quorum necessary for the transaction of the business of the directors is one director, and that director may constitute a Board meeting.

Board meeting adjourned

15.13 If within 30 minutes from the time appointed for a Board meeting a quorum is not present, the Board meeting will stand adjourned to the same day in the next week, at the same time and place, and if at the adjourned Board meeting a quorum is not present within 30 minutes from the time appointed for the Board meeting, the quorum will remain a simple majority of the directors in office.

Continuing directors

15.14 The continuing directors may act notwithstanding any vacancy in their body, but, if and so long as the number is reduced below the number fixed pursuant to these Articles as the necessary quorum of directors, the continuing directors may act for the purpose of increasing the number of directors to that number, or of summoning a general meeting of the Company, but for no other purpose.

Validity of acts of directors

15.15 Subject to the provisions of the *Business Corporations Act*, all acts done by any meeting of the directors or of a committee of directors, or by any person acting as a director, will, notwithstanding that it be afterwards discovered that there was some defect in the qualification, election or appointment of any such directors or of the shareholders of such committee or person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such person had been duly elected or appointed and was qualified to be a director.

Resolutions in writing

15.16 A resolution consented to in writing, whether by document, telegram, telex or any method of transmitting legibly recorded messages or other means, by all of the directors will be as valid and effectual as if it had been passed at a meeting of the directors duly called and held. Such resolution may be in two or more counterparts, which together will be deemed to constitute one resolution in writing. Such resolution will be filed with the minutes of the proceedings of the directors and will be effective on the date stated thereon or on the latest date stated on any counterpart.

PART 16 - EXECUTIVE AND OTHER COMMITTEES

Appointment of committees

- 16.1 The directors may, by resolution,
- a. appoint one or more committees consisting of the director or directors that they consider appropriate,
 - b. delegate to a committee appointed under paragraph (a) any of the directors' powers, except
 - i. the power to fill vacancies in the board,
 - ii. the power to change the membership of, or fill vacancies in, any committee of the board, and
 - iii. the power to appoint or remove officers appointed by the board, and
 - c. make any delegation referred to in paragraph (b) subject to the conditions set out in the resolution.

Obligations of committee

- 16.2 Any committee formed under Article 16.1, in the exercise of the powers delegated to it, must
- a. conform to any rules that may from time to time be imposed on it by the directors, and

- b. report every act or thing done in exercise of those powers to the earliest meeting of the directors to be held after the act or thing has been done.

Powers of Board

16.3 The Board may, at any time,

- a. revoke the authority given to a committee, or override a decision made by a committee, except as to acts done before such revocation or overriding,
- b. terminate the appointment of, or change the membership of, a committee, and
- c. fill vacancies in a committee.

Committee meetings

16.4 Subject to Article 16.2 (a),

- a. the members of a directors' committee may meet and adjourn as they think proper,
- b. a directors' committee may elect a chair of its meetings but, if no chair of the meeting is elected, or if at any meeting the chair of the meeting is not present within 15 minutes after the time set for holding the meeting, the directors present who are members of the committee may choose one of their number to chair the meeting,
- c. a majority of the members of a directors' committee constitutes a quorum of the committee, and
- d. questions arising at any meeting of a directors' committee are determined by a majority of votes of the members present, and in case of an equality of votes, the chair of the meeting has no second or casting vote.

PART 17 - OFFICERS

Appointment of officers

17.1 The Board may, from time to time, appoint any officer that it considers necessary, and none of the individuals appointed as officers need be a member of the board.

Functions, duties and powers of officers

17.2 The Board may, for each officer,

- a. determine the functions and duties the officer is to perform,
- b. entrust to and confer on the officer any of the powers exercisable by the directors on such terms and conditions and with such restrictions as the directors think fit, and,
- c. from time to time revoke, withdraw, alter or vary all or any of the functions, duties and powers of the officer.

Remuneration

17.3 All appointments of officers are to be made on the terms and conditions and at the remuneration (whether by way of salary, fee, commission, participation in profits or otherwise) that the Board thinks fit and are subject to termination at the discretion of the Board. The remuneration of the officers of the Company and such the terms and conditions of their tenure of office or employment will from time to time be determined by the directors; such remuneration may be by way of salary, fees, wages, commission or participation in profits or any other means or all of these modes, and an officer may, in addition to such remuneration, be entitled to receive after he ceases to hold such office or leaves the employment of the Company a pension or gratuity.

Disclosure of conflicts

17.4 Every officer of the Company who holds any office or possesses any property whereby, whether directly or indirectly, duties or interests might be created in conflict with his duties or interests as an officer of the Company will, in writing, disclose to the Board the fact and the nature, character and extent of the conflict.

PART 18 - INDEMNITY AND PROTECTION OF DIRECTORS, OFFICERS AND EMPLOYEES

Indemnification of directors

18.1 The Board must cause the Company to indemnify its directors and former directors, and their respective heirs and personal or other legal representatives to the greatest extent permitted by Division 5 of Part 5 of the *Business Corporations Act*. Subject to the provisions of the *Business Corporations Act*, the Board will cause the Company to indemnify a director or former director of the Company, and the Board may cause the Company to indemnify a director or former director of a corporation of which the Company is or was a shareholder, and the heirs and personal representatives of any such person, against all costs, charges and expenses, actually and reasonably incurred by him or them including an amount paid to settle an action or satisfy a judgement in a civil, criminal or administrative action or proceeding to which he or they are made a party by reason of his being or having been a director of the Company or a director of such corporation, including any action brought by the Company or any such corporation. Each director of the Company on being elected or appointed will be deemed to have contracted with the Company on the terms of the foregoing indemnity.

Indemnification of officers, employees and agents

18.2 Subject to the provisions of the *Business Corporations Act*, the Board may cause the Company to indemnify any officer, employee or agent of the Company or of a corporation of which the Company is or was a shareholder (notwithstanding that he is also a director), and his heirs and personal representatives against all costs, charges and expenses whatsoever incurred by him or them and resulting from his acting as an officer, employee or agent of the Company or such corporation. Each officer, employee and agent will be deemed to have contracted with the Company on the terms of the foregoing indemnity.

Failure to comply

18.3 The failure of a director or officer of the Company to comply with the provisions of the *Business Corporations Act* or of these Articles will not invalidate any indemnity to which he is entitled under this Part.

Insurance

18.4 The Board may cause the Company to purchase and maintain insurance for the benefit of any person who is or was serving as a director, officer, employee or agent of the Company or as a director, officer, employee or agent of any corporation of which the Company is or was a shareholder and his heirs or personal representatives against any liability incurred by him as such director, officer, employee or agent.

PART 19 - DIVIDENDS AND RESERVE

Declaration of dividends

19.1 Subject to the rights, if any, of shareholders holding shares with special rights as to dividends, the directors may from time to time declare and authorize payment of any dividends the directors consider appropriate.

No notice required

19.2 The directors need not give notice to any shareholder of any declaration under Article 19.1.

Directors may determine when dividend payable

19.3 Any dividend declared by the Board on shares of any class may be made payable on such date as is fixed by the Board.

Dividends to be paid in accordance with number of shares

19.4 Subject to the rights of the shareholders, if any, holding shares with special rights as to dividends, all dividends on shares of any class or series of shares will be declared and paid according to the number of such shares held.

Manner of paying dividend

19.5 A resolution declaring a dividend may direct payment of the dividend wholly or partly by the distribution of specific assets or of paid up shares or fractional shares, bonds, debentures or other debt obligations of the Company, or in any one or more of those ways, and, if any difficulty arises in regard to the distribution, the directors may settle the difficulty as they consider expedient, and, in particular, may set the value for distribution of specific assets.

Receipt by joint shareholders

19.6 If several persons are joint shareholders of any share, any one of them may give an effective receipt for any dividend, bonus or other money payable in respect of the share.

Dividend bears no interest

19.7 No dividend will bear interest against the Company.

Fractional dividends

19.8 If a dividend to which a shareholder is entitled includes a fraction of the smallest monetary unit of the currency of the dividend, that fraction may be disregarded in making payment of the dividend and that payment represents full payment of the dividend.

Payment of dividends

19.9 Any dividend or other distribution payable in cash in respect of shares may be paid by cheque, made payable to the order of the person to whom it is sent, and mailed,

- a. subject to paragraphs (b) and (c), to the address of the shareholder,
- b. subject to paragraph (c), in the case of joint shareholders, to the address of the joint shareholder whose name stands first on the Shareholders' List in respect of the shares, or,
- c. to the person and to the address as the shareholder or joint shareholders may direct in writing.

Every such cheque or warrant will be made payable to the order of the person to whom it is sent. The mailing of such cheque or warrant will, to the extent of the sum represented thereby (plus the amount of the tax required by law to be deducted) discharge all liability for the dividend, unless such cheque or warrant will not be paid on presentation or the amount of tax so deducted will not be paid to the appropriate taxing authority.

Stock dividends

19.10 Notwithstanding anything contained in these Articles the directors may from time to time capitalize any undistributed surplus on hand of the Company and may from time to time issue as fully paid and non-assessable any unissued shares, or any bonds, debentures or debt obligations of the Company as a dividend representing such undistributed surplus on hand or any part thereof.

PART 20 - DOCUMENTS, RECORDS AND REPORTS

Corporate records

20.1 The Company will keep at its records office or at such other place as the *Company Act* may permit, the documents, copies, registers, minutes and records which the Company is required by the *Business Corporations Act* to keep at its records office or such other place, as the case may be.

Accounting records

20.2 The Company will cause to be kept proper accounting books and accounting records in respect of all financial and other transactions of the Company in order to properly record the financial affairs and condition of the Company and to comply with the *Business Corporations Act*.

Inspection by shareholder

20.3 Unless the Board determines otherwise, or unless otherwise determined by an ordinary resolution, no shareholder of the Company will be entitled to inspect the accounting records of the Company.

Financial statements

20.4 The Board will from time to time at the expense of the Company cause to be prepared and laid before the Company in a general meeting such financial statements and reports as are required by the *Business Corporations Act*.

PART 21 - NOTICES

Delivery of notice

21.1 A notice, statement or report may be given or delivered by the Company to any shareholder either by delivery to him personally or by sending it by mail to him to his address as recorded in the Shareholders' List. Where a notice, statement or report is sent by mail, service or delivery of the notice, statement or report will be deemed to be effected by properly addressing, prepaying and mailing the notice, statement or report and to have been given on the day, Saturdays, Sundays and holidays excepted, following the date of mailing. A certificate signed by the corporate secretary or other officer of the Company or of any other corporation acting in that behalf for the Company that the letter, envelope or wrapper containing the notice, statement or report was so addressed, prepaid and mailed will be conclusive evidence thereof.

Notice to joint shareholders

21.2 A notice, statement or report may be given or delivered by the Company to the joint holders of a share by giving the notice to the joint holder first named in the Shareholders' List in respect of the share.

Notice to trustees

21.3 If a person becomes entitled to a share as a result of the death, bankruptcy or incapacity of a shareholder, the Company may provide a notice, statement, report or other record to that person by

- a. mailing the record, addressed to that person
 - i. by name, by the title of representative of the deceased or incapacitated shareholder, by the title of trustee of the bankrupt shareholder or by any similar description, and
 - ii. at the address, if any, supplied to the Company for that purpose by the person claiming to be so entitled, or
- b. if an address referred to in Article 21.3 a. ii has not been supplied to the Company, by giving the notice in a manner in which it might have been given if the death, bankruptcy or incapacity had not occurred.

Notice of general meeting

21.4 Notice of every general meeting or meeting of shareholders holding a specific class of shares will be given in a manner hereinbefore authorized to every shareholder holding at the time of the issue of the notice or the date fixed for determining the shareholders entitled to such notice, whichever is the earlier, such shares which confer the right to notice of and to attend and vote at any such meeting. No other person except the auditor of the Company and the directors of the Company will be entitled to receive notices of any such general meeting.

PART 22 - RECORD DATES

Setting a record date

22.1 The Board may fix in advance a date, which will not be more than the maximum number of days permitted by the *Business Corporations Act* preceding the date of any general meeting or any class thereof or of the payment of any dividend or of the proposed taking of any other proper action requiring the determination of shareholders as the record date for the determination of the shareholders entitled to notice of, or to attend and vote at, any such meeting and any adjournment thereof, or entitled to receive payment of any such dividend or for any other proper purpose and, in such case, notwithstanding anything elsewhere contained in these Articles, only shareholders of record on the date so fixed will be deemed to be shareholders for the purposes aforesaid.

No record date fixed

22.2 Where no record date is so fixed for the determination of shareholders as provided in the preceding Article the date on which the notice is mailed or on which the resolution declaring the dividend is adopted, as the case may be, will be the record date for such determination.

PART 23 - CORPORATE SEAL

Authorization

23.1 The Board may provide a corporate seal for the Company and, if they do so, will provide for the safe custody of the corporate seal, which will not be affixed to any instrument except in the presence of the following persons, namely:

- a. any two directors;
- b. any officer, together with any director;
- c. if the Company has only one director, that director;
- d. if the Company has only one shareholder, the president or the corporate secretary; or
- e. such person or persons as the directors may from time to time by resolution appoint;

and the said directors, officers, person or persons in whose presence the corporate seal is so affixed to an instrument will sign such instrument.

Corporate seal

23.2 For the purpose of certifying under seal a true copy of any resolution or other document, the seal must be impressed on that copy and, despite Article 23.1, may be attested by the signature of any director or officer.

Affixing corporate seal to securities

23.3 To enable the corporate seal of the Company to be affixed to any bonds, debentures, share certificates, or other securities of the Company, whether in definitive or interim form, on which facsimiles of any of the signatures of the directors or officers of the Company are, in accordance with the *Business Corporations Act* and/or these Articles, printed or otherwise mechanically reproduced there may be delivered to the firm or company employed to engrave, lithograph or print such definitive or interim bonds, debentures, share certificates or other securities one or more unmounted dies reproducing the Company's corporate seal, and the Chair of the Board, the president, the managing director, a director and a vice-president together with one of the corporate secretary, the treasurer, the secretary treasurer, an assistant secretary, an assistant treasurer and an assistant secretary treasurer may by a document authorize such firm or company to cause the Company's corporate seal to be affixed to such definitive or interim bonds, debentures, share certificates or other securities by the use of such dies. Bonds, debentures, share certificates or other securities to which the Company's corporate seal has been affixed will for all purposes be deemed to be under and to bear the Company's corporate seal lawfully affixed thereto.

Use in other jurisdictions

23.4 The Company may have for the use in any other province, state, territory or country an official seal which will have on its own face the name of the province, state, territory or country where it is to be used and all the powers where conferred by the *Business Corporations Act* with respect thereto may be exercised by the Board or by a duly authorized agent of the Company.

PART 24 - ADVANCE NOTICE PROVISIONS

Definitions

24.1 For purposes of this Part 24:

- a. "Annual Meeting" means any annual meeting of Shareholders;
- b. "Applicable Securities Laws" means the applicable securities legislation of each relevant province and territory of Canada, as amended from time to time, the rules, regulations and forms made or promulgated under any such laws and the published national instruments, multilateral instruments, policies, bulletins and notices of the securities commission or similar securities regulatory authority of each province and territory of Canada;
- c. "Class "A" Shares" means the Class "A" Common Voting Shares in the capital of the Company;
- d. "Nominating Shareholder" has the meaning ascribed to that term in Article 24.2(c);
- e. "Notice Date" has the meaning ascribed to that term in Article 24.4(a);
- f. "Public Announcement" means disclosure in a press release reported by a national news service in Canada, or in a document publicly filed by the Company under its profile on the System of Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com;
- g. "Shareholder" means a holder of Class "A" Shares; and
- h. "Special Meeting" means any special meeting of Shareholders if one of the purposes for which such meeting is called is the election of directors.

Nomination of Directors

24.2 Nominations of persons for election to the Board may be made at any Annual Meeting of shareholders or at any Special Meeting of shareholders if one of the purposes for which the Special Meeting was called was the election of directors. In order to be eligible for election to the Board at any Annual Meeting or Special Meeting of shareholders, persons must be nominated in accordance with one of the following procedures:

- a. by or at the direction of the Board or an authorized officer, including pursuant to a notice of meeting;

- b. by or at the direction or request of one or more shareholders pursuant to a proposal made in accordance with the provisions of the *Business Corporations Act*, or a requisition of the shareholders made in accordance with the provisions of the *Business Corporations Act*; or
- c. by any person (a "Nominating Shareholder"): (A) who, at the close of business on the date of the giving by the Nominating Shareholder of the notice provided for below in this Part 24 and at the close of business on the record date for notice of such meeting, is entered in the central securities register of the Company as a holder of one or more shares carrying the right to vote at such meeting or who beneficially owns shares that are entitled to be voted at such meeting; and (B) who complies with the notice procedures set forth below in this Part 24.

24.3 In addition to any other requirements under applicable laws, for a nomination to be made by a Nominating Shareholder, the Nominating Shareholder must give notice which is both timely (in accordance with Article 24.4 below) and in proper written form (in accordance with Article 24.5 below) to the secretary of the Company at the principal executive offices of the Company.

24.4 A Nominating Shareholder's notice to the secretary of the Company will be deemed to be timely if:

- a. in the case of an Annual Meeting, such notice is made not less than 30 days nor more than 65 days prior to the date of the Annual Meeting; provided, however, that in the event that the Annual Meeting is to be held on a date that is less than 50 days after the date (the "Notice Date") on which the first public announcement of the date of the Annual Meeting is made, notice by the Nominating Shareholder is made not later than the close of business on the tenth day following the Notice Date; or
- b. in the case of a Special Meeting (which is not also an Annual Meeting) called for the purpose of electing directors (whether or not called for other purposes), such notice is made not later than the close of business on the fifteenth day following the day on which the first public announcement of the date of the Special Meeting was made;

Notwithstanding the foregoing, the Board may, in its sole discretion, waive any requirement of this Article 24.4. For greater certainty, the time periods for the giving of notice by a Nominating Shareholder as aforesaid shall, in all cases, be determined based on the original date of the applicable Annual Meeting or Special Meeting, and in no event shall any adjournment or postponement of an Annual Meeting or Special Meeting or the announcement thereof commence a new time period for the giving of such notice.

24.5 A Nominating Shareholder's notice to the secretary of the Company will be deemed to be in proper form if:

- a. as to each person whom the Nominating Shareholder proposes to nominate for election as a director, such notice sets forth: (A) the name, age, business address and residential address of the person; (B) the principal occupation or employment of the person; (C) the class or series and number of shares in the capital of the Company which are controlled or which are owned beneficially or of record by the person as of the record date for the meeting of shareholders (if such date shall then have been made publicly available and shall have occurred) and as of the date of such notice; and (D) any other information relating to the person that would be required to be disclosed in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the *Business Corporations Act* and Applicable Securities Laws (as defined above); and
- b. as to the Nominating Shareholder giving the notice, such notice sets forth any proxy, contract, agreement, arrangement, understanding or relationship pursuant to which such Nominating Shareholder has a right to vote or direct the voting of any shares of the Company and any other information relating to such Nominating Shareholder that would be required to be made in a dissident's proxy circular in connection with solicitations of proxies for election of directors pursuant to the *Business Corporations Act* and Applicable Securities Laws (as defined above).

24.6 The Company may require any proposed nominee for election as a Director to furnish such additional information as may reasonably be requested by the Company to determine the eligibility of such proposed nominee to serve as an independent director of the Company or that could be material to a reasonable shareholder's understanding of the independence, or lack thereof, of such proposed nominee.

24.7 No person shall be eligible for election as a director of the Company unless nominated in accordance with the provisions of this Part 24; provided, however, that nothing in this Part 24 shall be deemed to restrict or preclude discussion by a shareholder (as distinct from the nomination of directors) at an Annual Meeting or Special Meeting of any matter that is properly brought before such meeting pursuant to the provisions of the *Business Corporations Act* or at the discretion of the Chairman of the meeting. The Chairman of the meeting shall have the power and duty to determine whether any nomination for election of a director was made in accordance with the procedures set forth in this Part 24 and, if any proposed nomination is not in compliance with such procedures, to declare such nomination defective and that it be disregarded.

24.8 Notwithstanding any other provision of this Part 24, notice given to the secretary of the Company pursuant to this Part 24 may only be given by personal delivery, facsimile transmission or by email (at such email address as may be stipulated from time to time by the secretary of the Company for purposes of this Part 24), and shall be deemed to have been given and made only at the time it is served by personal delivery to the Secretary at the address of the principal executive offices of the Company, email (at the address as aforesaid) or sent by facsimile transmission (provided that receipt of confirmation of such transmission has been received); provided that if such delivery or electronic communication is made on a day which is a not a business day or later than 5:00 p.m. (Vancouver time) on a day which is a business day, then such delivery or electronic communication shall be deemed to have been made on the next following day that is a business day.

Application

24.9 With the exception of this Article 24.9, the provisions of Part 24 do not apply to the Company in the following circumstances:

- a. if and for so long as the Company is not a public company or a pre-existing reporting company; or
- b. to the election or appointment of a director or directors in the circumstances set forth in Article 11.2(b).

PART 25 - ALTERATIONS

Alteration of Authorized Share Structure

25.1 Subject to the *Business Corporations Act*, the Company may by resolution of the board of directors:

- a. create one or more classes or series of shares or, if none of the shares of a class or series of shares are allotted or issued, eliminate that class or series of shares;
- b. increase, reduce or eliminate the maximum number of shares that the Company is authorized to issue out of any class or series of shares or establish a maximum number of shares that the Company is authorized to issue out of any class or series of shares for which no maximum is established;
- c. alter the identifying name of any of its shares;
- d. subdivide or consolidate all or any of its unissued, or fully paid issued, shares;
- e. if the Company is authorized to issue shares of a class of shares with par value:
 - i. decrease the par value of those shares; or
 - ii. if none of the shares of that class of shares are allotted or issued, increase the par value of those shares;
- f. change all or any of its unissued, or fully paid issued, shares with par value into shares without par value or any of its unissued shares without par value into shares with par value; or

- g. otherwise alter its shares or authorized share structure when required or permitted to do so by the *Business Corporations Act*.

Change of Name

25.2 The Company may by resolution of the board of directors authorize an alteration of its Notice of Articles in order to change its name or adopt or change any translation of that name.

Other Alteration

25.3 If the *Business Corporations Act* does not specify the type of resolution and these Articles do not specify another type of resolution, the Company may by ordinary resolution alter these Articles.

PART 26 - RESTRICTIONS

Public company

26.1 Article 26.2 does not apply to the Company if and for so long as the Company is a public company or a pre-existing reporting company.

Consent required for transfer

26.2 No shares may be sold, transferred or otherwise disposed of without the consent of the directors expressed by a resolution of the Board. The Board will not be required to give any reason for refusing to consent to any such sale, transfer or other disposition of shares.

PART 27 - SPECIAL RIGHTS AND RESTRICTIONS

Special rights and restrictions

27.1 The special rights and restrictions are as follows:

- a. At all general meetings of the shareholders of the Company, the holders of the Class "A" Common Voting Shares will be entitled to one vote for each such share held.
- b. The holders of the Class "B" Common Non-Voting Shares will not be entitled to receive notice of, to attend at, or to vote at, any general meeting of shareholders of the Company.
- c. The holders of the Class "B" Common Non-Voting Shares will at no time be entitled to any dividends. The holders of the Class "A" Common Voting Shares will be entitled to dividends in any fiscal year of the Company if:
 - i. the payment of such dividends to the holders of the Class "A" Common Voting Shares will not impair the ability of the Company to redeem all of the Class "B" Common Non-Voting Shares; and
 - ii. the Directors have determined to declare and pay dividends on the Class "A" Common Voting Shares.
- d. In the event of any liquidation, dissolution or winding up of the Company or other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs, the shareholders of the Company will rank in the following order of priority:
 - i. the holders of the Class "B" Common Non-Voting Shares will receive the amount paid up for each Class "B" Common Non-Voting Share, but will not be entitled to any further distribution; and
 - ii. the holders of the Class "A" Common Voting Shares will share in the distribution of the remaining assets of the Company.

- e. Subject to the foregoing provisions of this Article 27.1, the Directors may, from time to time, declare dividends on any one or more class of shares to the exclusion of any other class or classes of shares.



Full name and signature of each incorporator	Date of signing
<hr/> WILHELM MUELLER	22 December 2017

1146470 B.C. LTD.



CERTIFIED COPY
Of a Document filed with the Province of
British Columbia Registrar of Companies

Notice of Articles
BUSINESS CORPORATIONS ACT


CAROL PREST

This Notice of Articles was issued by the Registrar on: February 13, 2018 11:18 AM Pacific Time

Incorporation Number: BC1146470

Recognition Date and Time: Incorporated on December 22, 2017 10:05 AM Pacific Time

NOTICE OF ARTICLES

Name of Company:
CANIVATE GROWING SYSTEMS LTD.

REGISTERED OFFICE INFORMATION

Mailing Address:
1477 WEST PENDER STREET
SUITE #307
VANCOUVER BC V6G 2S3
CANADA

Delivery Address:
1477 WEST PENDER STREET
SUITE #307
VANCOUVER BC V6G 2S3
CANADA

RECORDS OFFICE INFORMATION

Mailing Address:
1477 WEST PENDER STREET
SUITE #307
VANCOUVER BC V6G 2S3
CANADA

Delivery Address:
1477 WEST PENDER STREET
SUITE #307
VANCOUVER BC V6G 2S3
CANADA

DIRECTOR INFORMATION

Last Name, First Name, Middle Name:
Mueller, Wilhelm

Mailing Address:
C/O #103 - 1525 BELLEVUE AVENUE
WEST VANCOUVER BC V7V 1A6
CANADA

Delivery Address:
C/O #103 - 1525 BELLEVUE AVENUE
WEST VANCOUVER BC V7V 1A6
CANADA

AUTHORIZED SHARE STRUCTURE

1.	No Maximum	Class "A" Common Voting Shares	Without Par Value
			With Special Rights or Restrictions attached
<hr/>			
2.	No Maximum	Class "B" Common Non-Voting Shares	Without Par Value
			With Special Rights or Restrictions attached
<hr/>			

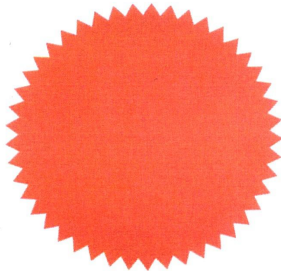


Number: BC1146470

**CERTIFICATE
OF
CHANGE OF NAME**

BUSINESS CORPORATIONS ACT

I Hereby Certify that 1146470 B.C. LTD. changed its name to CANIVATE GROWING SYSTEMS LTD. on February 13, 2018 at 11:18 AM Pacific Time.



*Issued under my hand at Victoria, British Columbia
On February 13, 2018*

CAROL PREST
Registrar of Companies
Province of British Columbia
Canada



CERTIFIED COPY
Of a Document filed with the Province of
British Columbia Registrar of Companies

Notice of Articles
BUSINESS CORPORATIONS ACT


CAROL PREST

This Notice of Articles was issued by the Registrar on: July 12, 2018 02:36 PM Pacific Time

Incorporation Number: BC1146470

Recognition Date and Time: Incorporated on December 22, 2017 10:05 AM Pacific Time

NOTICE OF ARTICLES

Name of Company:
CANIVATE GROWING SYSTEMS LTD.

REGISTERED OFFICE INFORMATION

Mailing Address:
1477 WEST PENDER STREET
SUITE #307
VANCOUVER BC V6G 2S3
CANADA

Delivery Address:
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SUITE #307
VANCOUVER BC V6G 2S3
CANADA

RECORDS OFFICE INFORMATION

Mailing Address:
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CANADA

Delivery Address:
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DIRECTOR INFORMATION

Last Name, First Name, Middle Name:
Mueller, Wilhelm

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CANADA

Delivery Address:
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CANADA

Last Name, First Name, Middle Name:
Nicholson, Don

Mailing Address:
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WEST VANCOUVER BC V7V 1A6
CANADA

Delivery Address:
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WEST VANCOUVER BC V7V 1A6
CANADA

Last Name, First Name, Middle Name:
Brazier, Stuart

Mailing Address:
6461 FOX STREET
WEST VANCOUVER BC V7W 2C3
CANADA

Delivery Address:
6461 FOX STREET
WEST VANCOUVER BC V7W 2C3
CANADA

AUTHORIZED SHARE STRUCTURE

1.	No Maximum	Class "A" Common Voting Shares	Without Par Value
			With Special Rights or Restrictions attached
<hr/>			
2.	No Maximum	Class "B" Common Non-Voting Shares	Without Par Value
			With Special Rights or Restrictions attached
<hr/>			



Cover Sheet

AGRIFORCE GROWING SYSTEMS LTD.

Confirmation of Service

Form Filed: Notice of Alteration
Date and Time of Filing: November 22, 2019 12:17 PM Pacific Time
Alteration Effective Date: The alteration is to take effect at the time that this application is filed with the Registrar.
Name of Company: AGRIFORCE GROWING SYSTEMS LTD.
Incorporation Number: BC1146470

This package contains:

- Certified Copy of the Notice of Articles
- Certificate of Name Change

Check your documents carefully to ensure there are no errors or omissions. If errors or omissions are discovered, please contact the Corporate Registry for instructions on how to correct the errors or omissions.



CERTIFIED COPY
Of a Document filed with the Province of
British Columbia Registrar of Companies

Notice of Articles

BUSINESS CORPORATIONS ACT


CAROL PREST

This Notice of Articles was issued by the Registrar on: November 22, 2019 12:17 PM Pacific Time

Incorporation Number: BC1146470

Recognition Date and Time: Incorporated on December 22, 2017 10:05 AM Pacific Time

NOTICE OF ARTICLES

Name of Company:

AGRIFORCE GROWING SYSTEMS LTD.

REGISTERED OFFICE INFORMATION

Mailing Address:

1055 WEST GEORGIA STREET
1500 ROYAL CENTRE
PO BOX 11117
VANCOUVER BC V6E 4N7
CANADA

Delivery Address:

1055 WEST GEORGIA STREET
1500 ROYAL CENTRE
PO BOX 11117
VANCOUVER BC V6E 4N7
CANADA

RECORDS OFFICE INFORMATION

Mailing Address:

1055 WEST GEORGIA STREET
1500 ROYAL CENTRE
PO BOX 11117
VANCOUVER BC V6E 4N7
CANADA

Delivery Address:

1055 WEST GEORGIA STREET
1500 ROYAL CENTRE
PO BOX 11117
VANCOUVER BC V6E 4N7
CANADA

DIRECTOR INFORMATION**Last Name, First Name, Middle Name:**

Welch, David

Mailing Address:500 SOUTH GRAND AVE, 18TH FLOOR
LOS ANGELES CA 90071
UNITED STATES**Delivery Address:**500 SOUTH GRAND AVE, 18TH FLOOR
LOS ANGELES CA 90071
UNITED STATES

Last Name, First Name, Middle Name:

Nicholson, Don

Mailing Address:C/O #103 - 1525 BELLEVUE AVENUE
WEST VANCOUVER BC V7V 1A6
CANADA**Delivery Address:**C/O #103 - 1525 BELLEVUE AVENUE
WEST VANCOUVER BC V7V 1A6
CANADA

Last Name, First Name, Middle Name:

Meekinson, John

Mailing Address:6379 ARGYLE AVENUE
WEST VANCOUVER BC V7W 2E5
CANADA**Delivery Address:**6379 ARGYLE AVENUE
WEST VANCOUVER BC V7W 2E5
CANADA

Last Name, First Name, Middle Name:

Mueller, Ingo Wilhelm (formerly Mueller, Wilhelm)

Mailing Address:C/O #103 - 1525 BELLEVUE AVENUE
WEST VANCOUVER BC V7V 1A6
CANADA**Delivery Address:**C/O #103 - 1525 BELLEVUE AVENUE
WEST VANCOUVER BC V7V 1A6
CANADA

RESOLUTION DATES:

Date(s) of Resolution(s) or Court Order(s) attaching or altering Special Rights and Restrictions attached to a class or a series of shares:

April 29, 2019

AUTHORIZED SHARE STRUCTURE

1. No Maximum

Common Shares

Without Par Value

With Special Rights or
Restrictions attached

2. No Maximum

Preferred Shares

Without Par Value

With Special Rights or
Restrictions attached

1. 15,000,000

Series A Preferred

Special Rights or
Restrictions are attached



Number: BC1146470

CERTIFICATE OF CHANGE OF NAME

BUSINESS CORPORATIONS ACT

I Hereby Certify that CANIVATE GROWING SYSTEMS LTD. changed its name to AGRIFORCE GROWING SYSTEMS LTD. on November 22, 2019 at 12:17 PM Pacific Time.



ELECTRONIC CERTIFICATE

*Issued under my hand at Victoria, British Columbia
On November 22, 2019*

CAROL PREST
Registrar of Companies
Province of British Columbia
Canada

Incorporation Number:

BUSINESS CORPORATIONS ACT**ARTICLES**

of

**CANIVATE GROWING SYSTEMS LTD.
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Incorporation Number:

BUSINESS CORPORATIONS ACT

ARTICLES

of

**CANIVATE GROWING SYSTEMS LTD.
(the “Company”)**

PART 1

INTERPRETATION

Definitions

1.1 In these Articles, unless the context otherwise requires:

- (a) **“board of directors”, “directors”** and **“board”** mean the directors or sole director of the Company for the time being;
- (b) **“Act”** means the *Business Corporations Act* (British Columbia) from time to time in force and all amendments thereto and includes all regulations and amendments thereto made pursuant to that Act;
- (c) **“legal personal representative”** means the personal or other legal representative of the shareholder;
- (d) **“registered address”** of a shareholder means the shareholder’s address as recorded in the central securities register;
- (e) **“seal”** means the seal of the Company, if any;
- (f) **“share”** means a share in the capital of the Company; and
- (g) **“special majority”** means the majority of votes described in §11.2 which is required to pass a special resolution.

Act and Interpretation Act Definitions Applicable

1.2 The definitions in the Act and the definitions and rules of construction in the *Interpretation Act*, with the necessary changes, so far as applicable, and except as the context requires otherwise, apply to these Articles as if they were an enactment. If there is a conflict between a definition in the Act and a definition or rule in the Interpretation Act relating to a term used in these Articles, the definition in the Act will prevail. If there is a conflict or inconsistency between these Articles and the Act, the Act will prevail.

PART 2

SHARES AND SHARE CERTIFICATES

Authorized Share Structure

2.1 The authorized share structure of the Company consists of shares of the class or classes and series, if any, described in the Notice of Articles of the Company.

Form of Share Certificate

2.2 Each share certificate issued by the Company must comply with, and be signed as required by, the Act.

Shareholder Entitled to Certificate or Acknowledgment

2.3 Each shareholder is entitled on request, without charge, to (a) one share certificate representing the shares of each class or series of shares registered in the shareholder's name or (b) a non-transferable written acknowledgment of the shareholder's right to obtain such a share certificate, provided that in respect of a share held jointly by several persons, the Company is not bound to issue more than one share certificate or acknowledgment and delivery of a share certificate or acknowledgment for a share to one of several joint shareholders or to one of the shareholders' duly authorized agents will be sufficient delivery to all.

Delivery by Mail

2.4 Any share certificate or non-transferable written acknowledgment of a shareholder's right to obtain a share certificate may be sent to the shareholder by mail at the shareholder's registered address and neither the Company nor any director, officer or agent of the Company is liable for any loss to the shareholder because the share certificate or acknowledgement is lost in the mail or stolen.

Replacement of Worn Out or Defaced Certificate or Acknowledgement

2.5 If a share certificate or a non-transferable written acknowledgment of the shareholder's right to obtain a share certificate is worn out or defaced, the Company must, on production of the share certificate or acknowledgment, as the case may be, and on such other terms, if any, as are deemed fit:

- (a) cancel the share certificate or acknowledgment; and
- (b) issue a replacement share certificate or acknowledgment.

Replacement of Lost, Stolen or Destroyed Certificate or Acknowledgment

2.6 If a share certificate or a non-transferable written acknowledgment of a shareholder's right to obtain a share certificate is lost, stolen or destroyed, the Company must

issue a replacement share certificate or acknowledgment, as the case may be, to the person entitled to that share certificate or acknowledgment, if it receives:

- (a) proof satisfactory to it of the loss, theft or destruction; and
- (b) any indemnity the directors consider adequate.

Splitting Share Certificates

2.7 If a shareholder surrenders a share certificate to the Company with a written request that the Company issue in the shareholder's name two or more share certificates, each representing a specified number of shares and in the aggregate representing the same number of shares as the share certificate so surrendered, the Company must cancel the surrendered share certificate and issue replacement share certificates in accordance with that request.

Certificate Fee

2.8 There must be paid to the Company, in relation to the issue of any share certificate under §2.5, §2.6 or §2.7, the amount, if any, not exceeding the amount prescribed under the Act, determined by the directors.

Recognition of Trusts

2.9 Except as required by law or statute or these Articles, no person will be recognized by the Company as holding any share upon any trust, and the Company is not bound by or compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any share or fraction of a share or (except as required by law or statute or these Articles provided or as ordered by a court of competent jurisdiction) any other rights in respect of any share except an absolute right to the entirety thereof in the shareholder.

PART 3

ISSUE OF SHARES

Directors Authorized

3.1 Subject to the Act and the rights of the holders of issued shares of the Company, the Company may allot, issue, sell or otherwise dispose of the unissued shares, and issued shares held by the Company, at the times, to the persons, including directors, in the manner, on the terms and conditions and for the consideration (including any premium at which shares with par value may be issued) that the directors may determine. The issue price for a share with par value must be equal to or greater than the par value of the share.

Commissions and Discounts

3.2 The Company may at any time pay a reasonable commission or allow a reasonable discount to any person in consideration of that person's purchase or agreement to purchase shares of the Company from the Company or any other person's procurement or agreement to procure purchasers for shares of the Company.

Brokerage

3.3 The Company may pay such brokerage fee or other consideration as may be lawful for or in connection with the sale or placement of its securities.

Share Purchase Warrants and Rights

3.4 Subject to the Act, the Company may issue share purchase warrants, options and rights upon such terms and conditions as the directors determine, which share purchase warrants, options and rights may be issued alone or in conjunction with debentures, debenture stock, bonds, shares or any other securities issued or created by the Company from time to time.

PART 4

SHARE REGISTERS

Central Securities Register

4.1 As required by and subject to the Act, the Company must maintain in British Columbia a central securities register and may appoint an agent to maintain such register. The directors may appoint one or more agents, including the agent appointed to keep the central securities register, as transfer agent for shares or any class or series of shares and the same or another agent as registrar for shares or such class or series of shares, as the case may be. The directors may terminate such appointment of any agent at any time and may appoint another agent in its place.

PART 5

SHARE TRANSFERS

Registering Transfers

5.1 A transfer of a share must not be registered unless the Company or the transfer agent or registrar for the class or series of shares to be transferred has received:

- (a) except as exempted by the Act, a duly signed proper instrument of transfer in respect of the share;

- (b) if a share certificate has been issued by the Company in respect of the share to be transferred, that share certificate;
- (c) if a non-transferable written acknowledgment of the shareholder's right to obtain a share certificate has been issued by the Company in respect of the share to be transferred, that acknowledgment; and
- (d) such other evidence, if any, as the Company or the transfer agent or registrar for the class or series of share to be transferred may require to prove the title of the transferor or the transferor's right to transfer the share, the due signing of the instrument of transfer and the right of the transferee to have the transfer registered.

Form of Instrument of Transfer

5.2 The instrument of transfer in respect of any share must be either in the form, if any, on the back of the Company's share certificates of that class or series or in some other form that may be approved by the directors.

Transferor Remains Shareholder

5.3 Except to the extent that the Act otherwise provides, the transferor of a share is deemed to remain the holder of it until the name of the transferee is entered in a securities register of the Company in respect of the transfer.

Signing of Instrument of Transfer

5.4 If a shareholder, or his or her duly authorized attorney, signs an instrument of transfer in respect of shares registered in the name of the shareholder, the signed instrument of transfer constitutes a complete and sufficient authority to the Company and its directors, officers and agents to register the number of shares specified in the instrument of transfer or specified in any other manner, or, if no number is specified, all the shares represented by the share certificates or set out in the written acknowledgments deposited with the instrument of transfer:

- (a) in the name of the person named as transferee in that instrument of transfer; or
- (b) if no person is named as transferee in that instrument of transfer, in the name of the person on whose behalf the instrument is deposited for the purpose of having the transfer registered.

Enquiry as to Title Not Required

5.5 Neither the Company nor any director, officer or agent of the Company is bound to inquire into the title of the person named in the instrument of transfer as transferee or, if no person is named as transferee in the instrument of transfer, of the person on whose behalf the instrument is deposited for the purpose of having the transfer registered or is liable for any claim related to registering the transfer by the shareholder or by any intermediate owner or holder of the shares transferred, of any interest in such shares, of any share certificate representing such shares or of any written acknowledgment of a right to obtain a share certificate for such shares.

Transfer Fee

5.6 There must be paid to the Company, in relation to the registration of a transfer, the amount, if any, determined by the directors.

PART 6

TRANSMISSION OF SHARES

Legal Personal Representative Recognized on Death

6.1 In case of the death of a shareholder, the legal personal representative of the shareholder, or if the shareholder was a joint holder, the surviving joint holder, will be the only person recognized by the Company as having any title to the shareholder's interest in the shares. Before recognizing a person as a legal personal representative of a shareholder, the Company shall receive the documentation required by the Act.

Rights of Legal Personal Representative

6.2 The legal personal representative of a shareholder has the same rights, privileges and obligations that attach to the shares held by the shareholder, including the right to transfer the shares in accordance with these Articles, provided the documents required by the Act and the directors have been deposited with the Company. This Article 6.2 does not apply in the case of the death of a shareholder with respect to shares registered in the name of the shareholder and the name of another person in joint tenancy.

PART 7

PURCHASE OF SHARES

Company Authorized to Purchase Shares

7.1 Subject to §7.2, to the special rights and restrictions attached to the shares of any class or series and to the Act, the Company may, if authorized by the directors, purchase or otherwise acquire any of its shares at the price and upon the terms specified and determined by the directors.

Purchase When Insolvent

7.2 The Company must not make a payment or provide any other consideration to purchase or otherwise acquire any of its shares if there are reasonable grounds for believing that:

- (a) the Company is insolvent; or
- (b) making the payment or providing the consideration would render the Company insolvent.

Sale and Voting of Purchased Shares

7.3 If the Company retains a share redeemed, purchased or otherwise acquired by it, the Company may sell, gift or otherwise dispose of the share, but, while such share is held by the Company, it:

- (a) is not entitled to vote the share at a meeting of its shareholders;
- (b) must not pay a dividend in respect of the share; and
- (c) must not make any other distribution in respect of the share.

Company Entitled to Purchase or Redeem Share Fractions

7.4 The Company may, without prior notice to the holders, purchase or redeem for fair value any and all outstanding share fractions of any class or kind of shares in its authorized share structure as may exist at any time and from time to time. Upon the Company delivering the purchase funds and confirmation of purchase or redemption of the share fractions to the holders' registered or last known address, or if the Company has a transfer agent then to such agent for the benefit of and forwarding to such holders, the Company shall thereupon amend its central securities register to reflect the purchase or redemption of such share fractions and if the company has a transfer agent, shall direct the transfer agent to amend the central securities register accordingly. Any holder of a share fraction, who upon receipt of the funds and confirmation of purchase or redemption of same, disputes the fair value paid for the fraction, shall have the right to apply to the court to request that it set the price and terms of payment and make consequential orders and give directions the court considers appropriate, as if the Company were the "acquiring person" as contemplated by Division 6, Compulsory Acquisitions, under the Act and the holder were an "offeree" subject to the provisions contained in such Division, *mutatis mutandis*.

PART 8

BORROWING POWERS

8.1 The Company, if authorized by the directors, may:

- (a) borrow money in the manner and amount, on the security, from the sources and on the terms and conditions that they consider appropriate;
- (b) issue bonds, debentures and other debt obligations either outright or as security for any liability or obligation of the Company or any other person and at such discounts or premiums and on such other terms as the directors consider appropriate;
- (c) guarantee the repayment of money by any other person or the performance of any obligation of any other person; and

(d) mortgage, charge, whether by way of specific or floating charge, grant a security interest in, or give other security on, the whole or any part of the present and future assets and undertaking of the Company.

8.2 The powers conferred under this Article 8 shall be deemed to include the powers conferred on a company by Division VII of the *Special Corporations Powers Act* being chapter P – 16 of the Revised Statutes of Quebec, 1988, and every statutory provision that may be substituted therefor or for any provision therein.

PART 9

ALTERATIONS

Alteration of Authorized Share Structure

9.1 Subject to §9.2 and the Act, the Company may by ordinary resolution (or a resolution of the directors in the case of §9.1(c) or §9.1(f)):

- (a) create one or more classes or series of shares or, if none of the shares of a class or series of shares are allotted or issued, eliminate that class or series of shares;
- (b) increase, reduce or eliminate the maximum number of shares that the Company is authorized to issue out of any class or series of shares or establish a maximum number of shares that the Company is authorized to issue out of any class or series of shares for which no maximum is established;
- (c) subdivide or consolidate all or any of its unissued, or fully paid issued, shares;
- (d) if the Company is authorized to issue shares of a class of shares with par value:
 - (i) decrease the par value of those shares; or
 - (ii) if none of the shares of that class of shares are allotted or issued, increase the par value of those shares;
- (e) change all or any of its unissued, or fully paid issued, shares with par value into shares without par value or any of its unissued shares without par value into shares with par value;
- (f) alter the identifying name of any of its shares; or
- (g) otherwise alter its shares or authorized share structure when required or permitted to do so by the Act where it does not specify by a special resolution;

and, if applicable, alter its Notice of Articles and Articles.

Special Rights and Restrictions

9.2 Subject to the Act and in particular those provisions of the Act relating to the rights of holders of outstanding shares to vote if their rights are prejudiced or interfered with, the Company may by ordinary resolution:

- (a) create special rights or restrictions for, and attach those special rights or restrictions to, the shares of any class or series of shares, whether or not any or all of those shares have been issued; or
- (b) vary or delete any special rights or restrictions attached to the shares of any class or series of shares, whether or not any or all of those shares have been issued, and alter its Notice of Articles and Articles accordingly.

Change of Name

9.3 The Company may by resolution of the directors authorize an alteration of its Notice of Articles in order to change its name or adopt or change any translation of that name.

Other Alterations

9.4 If the Act does not specify the type of resolution and these Articles do not specify another type of resolution, the Company may by ordinary resolution alter these Articles.

PART 10

MEETINGS OF SHAREHOLDERS

Annual General Meetings

10.1 Unless an annual general meeting is deferred or waived in accordance with the Act, the Company must hold an annual general meeting at least once in each calendar year and not more than 15 months after its last annual reference date.

Resolution Instead of Annual General Meeting

10.2 If all the shareholders who are entitled to vote at an annual general meeting consent in writing by a unanimous resolution under the Act to all of the business that is required to be transacted at that annual general meeting, the annual general meeting is deemed to have been held on the date of the unanimous resolution. The shareholders must, in any unanimous resolution passed under this §10.2, select as the Company's annual reference date a date that would be appropriate for the holding of the applicable annual general meeting.

Calling of Meetings of Shareholders

10.3 The directors may, whenever they think fit, call a meeting of shareholders.

Notice for Meetings of Shareholders

10.4 The Company must send notice of the date, time and location of any meeting of shareholders, in the manner provided in these Articles, or in such other manner, if any, as may be prescribed by ordinary resolution (whether previous notice of the resolution has been given or not), to each shareholder entitled to attend the meeting, to each director and to the auditor of the Company, unless these Articles otherwise provide, at least the following number of days before the meeting:

- (a) if the Company is a public company, 21 days;
- (b) otherwise, 10 days.

Record Date for Notice

10.5 The directors may set a date as the record date for the purpose of determining shareholders entitled to notice of any meeting of shareholders. The record date must not precede the date on which the meeting is to be held by more than two months or, in the case of a general meeting requisitioned by shareholders under the Act, by more than four months. The record date must not precede the date on which the meeting is held by fewer than:

- (a) if the Company is a public company, 21 days;
- (b) otherwise, 10 days.

If no record date is set, the record date is 5 p.m. on the day immediately preceding the first date on which the notice is sent or, if no notice is sent, the beginning of the meeting.

Record Date for Voting

10.6 The directors may set a date as the record date for the purpose of determining shareholders entitled to vote at any meeting of shareholders. The record date must not precede the date on which the meeting is to be held by more than two months or, in the case of a general meeting requisitioned by shareholders under the Act, by more than four months. If no record date is set, the record date is 5 p.m. on the day immediately preceding the first date on which the notice is sent or, if no notice is sent, the beginning of the meeting.

Failure to Give Notice and Waiver of Notice

10.7 The accidental omission to send notice of any meeting to, or the non-receipt of any notice by, any of the persons entitled to notice does not invalidate any proceedings at that meeting. Any person entitled to notice of a meeting of shareholders may, in writing or otherwise, waive or reduce the period of notice of such meeting.

Notice of Special Business at Meetings of Shareholders

10.8 If a meeting of shareholders is to consider special business within the meaning of §11.1, the notice of meeting must:

- (a) state the general nature of the special business; and
- (b) if the special business includes considering, approving, ratifying, adopting or authorizing any document or the signing of or giving of effect to any document, have attached to it a copy of the document or state that a copy of the document will be available for inspection by shareholders:
 - (i) at the Company's records office, or at such other reasonably accessible location in British Columbia as is specified in the notice; and
 - (ii) during statutory business hours on any one or more specified days before the day set for the holding of the meeting.

Place of Meetings

10.9 In addition to any location in British Columbia, any general meeting may be held in any location outside British Columbia approved by a resolution of the directors.

PART 11

PROCEEDINGS AT MEETINGS OF SHAREHOLDERS

Special Business

- 11.1 At a meeting of shareholders, the following business is special business:
- (a) at a meeting of shareholders that is not an annual general meeting, all business is special business except business relating to the conduct of or voting at the meeting;
 - (b) at an annual general meeting, all business is special business except for the following:
 - (i) business relating to the conduct of or voting at the meeting;
 - (ii) consideration of any financial statements of the Company presented to the meeting;
 - (iii) consideration of any reports of the directors or auditor;
 - (iv) the setting or changing of the number of directors;
 - (v) the election or appointment of directors;
 - (vi) the appointment of an auditor;
 - (vii) the setting of the remuneration of an auditor;

(viii) business arising out of a report of the directors not requiring the passing of a special resolution or an exceptional resolution;

(ix) any other business which, under these Articles or the Act, may be transacted at a meeting of shareholders without prior notice of the business being given to the shareholders.

Special Majority

11.2 The majority of votes required to pass a special resolution at a meeting of shareholders is two-thirds of the votes cast on the resolution.

Quorum

11.3 Subject to the special rights and restrictions attached to the shares of any class or series of shares, and to Article 11.4, the quorum for the transaction of business at a meeting of shareholders is at least one person who is, or who represents by proxy, one or more shareholders who, in the aggregate, hold at least 15% of the issued shares entitled to be voted at the meeting.

One Shareholder May Constitute Quorum

11.4 If there is only one shareholder entitled to vote at a meeting of shareholders:

- (a) the quorum is one person who is, or who represents by proxy, that shareholder, and
- (b) that shareholder, present in person or by proxy, may constitute the meeting.

Other Persons May Attend

11.5 The directors, the president (if any), the secretary (if any), the assistant secretary (if any), any lawyer for the Company, the auditor of the Company and every other person invited by the directors are entitled to attend any meeting of shareholders, but if any of those persons does attend a meeting of shareholders, that person is not to be counted in the quorum and is not entitled to vote at the meeting unless that person is a shareholder or proxy holder entitled to vote at the meeting.

Requirement of Quorum

11.6 No business, other than the election of a chair of the meeting and the adjournment of the meeting, may be transacted at any meeting of shareholders unless a quorum of shareholders entitled to vote is present at the commencement of the meeting, but such quorum need not be present throughout the meeting.

Lack of Quorum

11.7 If, within one-half hour from the time set for the holding of a meeting of shareholders, a quorum is not present:

- (a) in the case of a general meeting requisitioned by shareholders, the meeting is dissolved, and
- (b) in the case of any other meeting of shareholders, the meeting stands adjourned to the same day in the next week at the same time and place.

Lack of Quorum at Succeeding Meeting

11.8 If, at the meeting to which the meeting referred to in §11.7(b) was adjourned, a quorum is not present within one-half hour from the time set for the holding of the meeting, the person or persons present and being, or representing by proxy, two or more shareholders entitled to attend and vote at the meeting shall be deemed to constitute a quorum.

Chair

11.9 The following individual is entitled to preside as chair at a meeting of shareholders:

- (a) the chair of the board, if any; or
- (b) if the chair of the board is absent or unwilling to act as chair of the meeting, the president, if any.

Selection of Alternate Chair

11.10 If, at any meeting of shareholders, there is no chair of the board or president present within 15 minutes after the time set for holding the meeting, or if the chair of the board and the president are unwilling to act as chair of the meeting, or if the chair of the board and the president have advised the secretary, if any, or any director present at the meeting, that they will not be present at the meeting, the directors present may choose either one of their number or the solicitor of the Company to be chair of the meeting. If all of the directors present decline to take the chair or fail to so choose or if no director is present or the solicitor of the Company declines to take the chair, the shareholders entitled to vote at the meeting who are present in person or by proxy may choose any person present at the meeting to chair the meeting.

Adjournments

11.11 The chair of a meeting of shareholders may, and if so directed by the meeting must, adjourn the meeting from time to time and from place to place, but no business may be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

Notice of Adjourned Meeting

11.12 It is not necessary to give any notice of an adjourned meeting or of the business to be transacted at an adjourned meeting of shareholders except that, when a meeting is adjourned for 30 days or more, notice of the adjourned meeting must be given as in the case of the original meeting.

Decisions by Show of Hands or Poll

11.13 Subject to the Act, every motion put to a vote at a meeting of shareholders will be decided on a show of hands unless a poll, before or on the declaration of the result of the vote by show of hands, is directed by the chair or demanded by any shareholder entitled to vote who is present in person or by proxy.

Declaration of Result

11.14 The chair of a meeting of shareholders must declare to the meeting the decision on every question in accordance with the result of the show of hands or the poll, as the case may be, and that decision must be entered in the minutes of the meeting. A declaration of the chair that a resolution is carried by the necessary majority or is defeated is, unless a poll is directed by the chair or demanded under §11.13, conclusive evidence without proof of the number or proportion of the votes recorded in favour of or against the resolution.

Motion Need Not be Seconded

11.15 No motion proposed at a meeting of shareholders need be seconded unless the chair of the meeting rules otherwise, and the chair of any meeting of shareholders is entitled to propose or second a motion.

Casting Vote

11.16 In case of an equality of votes, the chair of a meeting of shareholders does not, either on a show of hands or on a poll, have a second or casting vote in addition to the vote or votes to which the chair may be entitled as a shareholder.

Manner of Taking Poll

11.17 Subject to §11.18, if a poll is duly demanded at a meeting of shareholders:

- (a) the poll must be taken:
 - (i) at the meeting, or within seven days after the date of the meeting, as the chair of the meeting directs; and
 - (ii) in the manner, at the time and at the place that the chair of the meeting directs;
- (b) the result of the poll is deemed to be the decision of the meeting at which the poll is demanded; and
- (c) the demand for the poll may be withdrawn by the person who demanded it.

Demand for Poll on Adjournment

11.18 A poll demanded at a meeting of shareholders on a question of adjournment must be taken immediately at the meeting.

Chair Must Resolve Dispute

11.19 In the case of any dispute as to the admission or rejection of a vote given on a poll, the chair of the meeting must determine the dispute, and his or her determination made in good faith is final and conclusive.

Casting of Votes

11.20 On a poll, a shareholder entitled to more than one vote need not cast all the votes in the same way.

Demand for Poll on Election of Chair

11.21 No poll may be demanded in respect of the vote by which a chair of a meeting of shareholders is elected.

Demand for Poll Not to Prevent Continuance of Meeting

11.22 The demand for a poll at a meeting of shareholders does not, unless the chair of the meeting so rules, prevent the continuation of a meeting for the transaction of any business other than the question on which a poll has been demanded.

Retention of Ballots and Proxies

11.23 The Company must, for at least three months after a meeting of shareholders, keep each ballot cast on a poll and each proxy voted at the meeting, and, during that period, make them available for inspection during normal business hours by any shareholder or proxyholder entitled to vote at the meeting. At the end of such three month period, the Company may destroy such ballots and proxies.

PART 12

VOTES OF SHAREHOLDERS

Number of Votes by Shareholder or by Shares

12.1 Subject to any special rights or restrictions attached to any shares and to the restrictions imposed on joint shareholders under §12.3:

- (a) on a vote by show of hands, every person present who is a shareholder or proxy holder and entitled to vote on the matter has one vote; and
- (b) on a poll, every shareholder entitled to vote on the matter has one vote in respect of each share entitled to be voted on the matter and held by that shareholder and may exercise that vote either in person or by proxy.

Votes of Persons in Representative Capacity

12.2 A person who is not a shareholder may vote at a meeting of shareholders, whether on a show of hands or on a poll, and may appoint a proxy holder to act at the meeting, if, before doing so, the person satisfies the chair of the meeting, or the directors, that the person is a legal personal representative or a trustee in bankruptcy for a shareholder who is entitled to vote at the meeting.

Votes by Joint Holders

12.3 If there are joint shareholders registered in respect of any share:

- (a) any one of the joint shareholders may vote at any meeting, either personally or by proxy, in respect of the share as if that joint shareholder were solely entitled to it; or
- (b) if more than one of the joint shareholders is present at any meeting, personally or by proxy, and more than one of them votes in respect of that share, then only the vote of the joint shareholder present whose name stands first on the central securities register in respect of the share will be counted.

Legal Personal Representatives as Joint Shareholders

12.4 Two or more legal personal representatives of a shareholder in whose sole name any share is registered are, for the purposes of §12.3, deemed to be joint shareholders.

Representative of a Corporate Shareholder

12.5 If a corporation, that is not a subsidiary of the Company, is a shareholder, that corporation may appoint a person to act as its representative at any meeting of shareholders of the Company, and:

- (a) for that purpose, the instrument appointing a representative must:
 - (i) be received at the registered office of the Company or at any other place specified, in the notice calling the meeting, for the receipt of proxies, at least the number of business days specified in the notice for the receipt of proxies, or if no number of days is specified, two business days before the day set for the holding of the meeting; or
 - (ii) be provided, at the meeting, to the chair of the meeting or to a person designated by the chair of the meeting;
- (b) if a representative is appointed under this §12.5:
 - (i) the representative is entitled to exercise in respect of and at that meeting the same rights on behalf of the corporation that the representative represents as that corporation could exercise if it were a shareholder who is an individual, including, without limitation, the right to appoint a proxy holder; and

- (ii) the representative, if present at the meeting, is to be counted for the purpose of forming a quorum and is deemed to be a shareholder present in person at the meeting.

Evidence of the appointment of any such representative may be sent to the Company by written instrument, fax or any other method of transmitting legibly recorded messages.

Proxy Provisions Do Not Apply to All Companies

12.6 If and for so long as the Company is a public company or a pre-existing reporting company which has the Statutory Reporting Company Provisions as part of its Articles or to which the Statutory Reporting Company Provisions apply, then §12.7 to §12.15 are not mandatory, however the directors of the Company are authorized to apply all or part of such sections or to adopt alternative procedures for proxy form, deposit and revocation procedures to the extent that the directors deem necessary in order to comply with securities laws applicable to the Company.

Appointment of Proxy Holders

12.7 Every shareholder of the Company entitled to vote at a meeting of shareholders of the Company may, by proxy, appoint one or more (but not more than two) proxy holders to attend and act at the meeting in the manner, to the extent and with the powers conferred by the proxy.

Alternate Proxy Holders

12.8 A shareholder may appoint one or more alternate proxy holders to act in the place of an absent proxy holder.

Proxy Holder Need Not Be Shareholder

12.9 A proxy holder need not be a shareholder of the Company.

Deposit of Proxy

12.10 A proxy for a meeting of shareholders must:

- (a) be received at the registered office of the Company or at any other place specified, in the notice calling the meeting, for the receipt of proxies, at least the number of business days specified in the notice, or if no number of days is specified, two business days before the day set for the holding of the meeting; or
- (b) unless the notice provides otherwise, be provided, at the meeting, to the chair of the meeting or to a person designated by the chair of the meeting.

A proxy may be sent to the Company by written instrument, fax or any other method of transmitting legibly recorded messages, including through Internet voting or by email if permitted by the notice calling the meeting or the information circular for the meeting.

Validity of Proxy Vote

12.11 A vote given in accordance with the terms of a proxy is valid notwithstanding the death or incapacity of the shareholder giving the proxy and despite the revocation of the proxy or the revocation of the authority under which the proxy is given, unless notice in writing of that death, incapacity or revocation is received:

- (a) at the registered office of the Company, at any time up to and including the last business day before the day set for the holding of the meeting at which the proxy is to be used; or
- (b) by the chair of the meeting, before the vote is taken.

Form of Proxy

12.12 A proxy, whether for a specified meeting or otherwise, must be either in the following form or in any other form approved by the directors or the chair of the meeting:

[name of company]
(the "Company")

The undersigned, being a shareholder of the Company, hereby appoints [name] or, failing that person, [name], as proxy holder for the undersigned to attend, act and vote for and on behalf of the undersigned at the meeting of shareholders of the Company to be held on [month, day, year] and at any adjournment of that meeting.

Number of shares in respect of which this proxy is given (if no number is specified, then this proxy is given in respect of all shares registered in the name of the shareholder): _____

Signed [month, day, year]

[Signature of shareholder]

[Name of shareholder—printed]

Revocation of Proxy

12.13 Subject to §12.14, every proxy may be revoked by an instrument in writing that is:

- (a) received at the registered office of the Company at any time up to and including the last business day before the day set for the holding of the meeting at which the proxy is to be used; or

- (b) provided, at the meeting, to the chair of the meeting.

Revocation of Proxy Must Be Signed

12.14 An instrument referred to in §12.13 must be signed as follows:

- (a) if the shareholder for whom the proxy holder is appointed is an individual, the instrument must be signed by the shareholder or his or her legal personal representative or trustee in bankruptcy;
- (b) if the shareholder for whom the proxy holder is appointed is a corporation, the instrument must be signed by the corporation or by a representative appointed for the corporation under §12.5.

Production of Evidence of Authority to Vote

12.15 The chair of any meeting of shareholders may, but need not, inquire into the authority of any person to vote at the meeting and may, but need not, demand from that person production of evidence as to the existence of the authority to vote.

PART 13

DIRECTORS

First Directors; Number of Directors

13.1 The first directors are the persons designated as directors of the Company in the Notice of Articles that applies to the Company when it is recognized under the Act. The number of directors, excluding additional directors appointed under §14.8, is set at:

- (a) subject to §(b) and §(c), the number of directors that is equal to the number of the Company's first directors;
- (b) if the Company is a public company, the greater of three and the most recently set of:
 - (i) the number of directors set by a resolution of the directors (whether or not previous notice of the resolution was given); and
 - (ii) the number of directors in office pursuant to §14.4;
- (c) if the Company is not a public company, the most recently set of:
 - (i) the number of directors set by a resolution of the directors (whether or not previous notice of the resolution was given); and
 - (ii) the number of directors in office pursuant to §14.4.

Change in Number of Directors

- 13.2 If the number of directors is set under §13.1(b)(i) or §13.1(c)(i):
- (a) the shareholders may elect or appoint the directors needed to fill any vacancies in the board of directors up to that number; or
 - (b) if the shareholders do not elect or appoint the directors needed to fill any vacancies in the board of directors up to that number then the directors may appoint directors to fill those vacancies.

Directors' Acts Valid Despite Vacancy

- 13.3 An act or proceeding of the directors is not invalid merely because fewer than the number of directors set or otherwise required under these Articles is in office.

Qualifications of Directors

- 13.4 A director is not required to hold a share as qualification for his or her office but must be qualified as required by the Act to become, act or continue to act as a director.

Remuneration of Directors

- 13.5 The directors are entitled to the remuneration for acting as directors, if any, as the directors may from time to time determine. If the directors so decide, the remuneration of the directors, if any, will be determined by the shareholders.

Reimbursement of Expenses of Directors

- 13.6 The Company must reimburse each director for the reasonable expenses that he or she may incur in and about the business of the Company.

Special Remuneration for Directors

- 13.7 If any director performs any professional or other services for the Company that in the opinion of the directors are outside the ordinary duties of a director, he or she may be paid remuneration fixed by the directors, or at the option of the directors, fixed by ordinary resolution, and such remuneration will be in addition to any other remuneration that he or she may be entitled to receive.

Gratuity, Pension or Allowance on Retirement of Director

- 13.8 Unless otherwise determined by ordinary resolution, the directors on behalf of the Company may pay a gratuity or pension or allowance on retirement to any director who has held any salaried office or place of profit with the Company or to his or her spouse or dependants and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

PART 14

ELECTION AND REMOVAL OF DIRECTORS

Election at Annual General Meeting

14.1 At every annual general meeting and in every unanimous resolution contemplated by §10.2:

- (a) the shareholders entitled to vote at the annual general meeting for the election of directors must elect, or in the unanimous resolution appoint, a board of directors consisting of the number of directors for the time being set under these Articles; and

all the directors cease to hold office immediately before the election or appointment of directors under §(a), but are eligible for re-election or re-appointment.

Consent to be a Director

14.2 No election, appointment or designation of an individual as a director is valid unless:

- (a) that individual consents to be a director in the manner provided for in the Act;
- (b) that individual is elected or appointed at a meeting at which the individual is present and the individual does not refuse, at the meeting, to be a director; or
- (c) with respect to first directors, the designation is otherwise valid under the Act.

Failure to Elect or Appoint Directors

14.3 If:

- (a) the Company fails to hold an annual general meeting, and all the shareholders who are entitled to vote at an annual general meeting fail to pass the unanimous resolution contemplated by §10.2, on or before the date by which the annual general meeting is required to be held under the Act; or
- (b) the shareholders fail, at the annual general meeting or in the unanimous resolution contemplated by §10.2, to elect or appoint any directors;

then each director then in office continues to hold office until the earlier of:

- (c) the date on which his or her successor is elected or appointed; and
- (d) the date on which he or she otherwise ceases to hold office under the Act or these Articles.

Places of Retiring Directors Not Filled

14.4 If, at any meeting of shareholders at which there should be an election of directors, the places of any of the retiring directors are not filled by that election, those retiring directors who are not re-elected and who are asked by the newly elected directors to continue in office will, if willing to do so, continue in office to complete the number of directors for the time being set pursuant to these Articles but their term of office shall expire when new directors are elected at a meeting of shareholders convened for that purpose. If any such election or continuance of directors does not result in the election or continuance of the number of directors for the time being set pursuant to these Articles, the number of directors of the Company is deemed to be set at the number of directors actually elected or continued in office.

Directors May Fill Casual Vacancies

14.5 Any casual vacancy occurring in the board of directors may be filled by the directors.

Remaining Directors Power to Act

14.6 The directors may act notwithstanding any vacancy in the board of directors, but if the Company has fewer directors in office than the number set pursuant to these Articles as the quorum of directors, the directors may only act for the purpose of appointing directors up to that number or of summoning a meeting of shareholders for the purpose of filling any vacancies on the board of directors or, subject to the Act, for any other purpose.

Shareholders May Fill Vacancies

14.7 If the Company has no directors or fewer directors in office than the number set pursuant to these Articles as the quorum of directors, the shareholders may elect or appoint directors to fill any vacancies on the board of directors.

Additional Directors

14.8 Notwithstanding §13.1 and §13.2, between annual general meetings or unanimous resolutions contemplated by §10.2, the directors may appoint one or more additional directors, but the number of additional directors appointed under this §14.8 must not at any time exceed:

- (a) one-third of the number of first directors, if, at the time of the appointments, one or more of the first directors have not yet completed their first term of office; or
- (b) in any other case, one-third of the number of the current directors who were elected or appointed as directors other than under this §14.8.

Any director so appointed ceases to hold office immediately before the next election or appointment of directors under §14.1(a), but is eligible for re-election or re-appointment.

Ceasing to be a Director

- 14.9 A director ceases to be a director when:
- (a) the term of office of the director expires;
 - (b) the director dies;
 - (c) the director resigns as a director by notice in writing provided to the Company or a lawyer for the Company; or
 - (d) the director is removed from office pursuant to §14.10 or §14.11.

Removal of Director by Shareholders

14.10 The Company may remove any director before the expiration of his or her term of office by special resolution. In that event, the shareholders may elect, or appoint by ordinary resolution, a director to fill the resulting vacancy. If the shareholders do not elect or appoint a director to fill the resulting vacancy contemporaneously with the removal, then the directors may appoint or the shareholders may elect, or appoint by ordinary resolution, a director to fill that vacancy.

Removal of Director by Directors

14.11 The directors may remove any director before the expiration of his or her term of office if the director is convicted of an indictable offence, or if the director ceases to be qualified to act as a director of a company and does not promptly resign, and the directors may appoint a director to fill the resulting vacancy.

PART 15

ALTERNATE DIRECTORS

Appointment of Alternate Director

15.1 Any director (an "appointor") may by notice in writing received by the Company appoint any person (an "appointee") who is qualified to act as a director to be his or her alternate to act in his or her place at meetings of the directors or committees of the directors at which the appointor is not present unless (in the case of an appointee who is not a director) the directors have reasonably disapproved the appointment of such person as an alternate director and have given notice to that effect to his or her appointor within a reasonable time after the notice of appointment is received by the Company.

Notice of Meetings

15.2 Every alternate director so appointed is entitled to notice of meetings of the directors and of committees of the directors of which his or her appointor is a member and to attend and vote as a director at any such meetings at which his or her appointor is not present.

Alternate for More than One Director Attending Meetings

15.3 A person may be appointed as an alternate director by more than one director, and an alternate director:

- (a) will be counted in determining the quorum for a meeting of directors once for each of his or her appointors and, in the case of an appointee who is also a director, once more in that capacity;
- (b) has a separate vote at a meeting of directors for each of his or her appointors and, in the case of an appointee who is also a director, an additional vote in that capacity;
- (c) will be counted in determining the quorum for a meeting of a committee of directors once for each of his or her appointors who is a member of that committee and, in the case of an appointee who is also a member of that committee as a directors, once more in that capacity; and
- (d) has a separate vote at a meeting of a committee of directors for each of his or her appointors who is a member of that committee and, in the case of an appointee who is also a member of that committee as a director, an additional vote in that capacity.

Consent Resolutions

15.4 Every alternate director, if authorized by the notice appointing him or her, may sign in place of his or her appointor any resolutions to be consented to in writing.

Alternate Director an Agent

15.5 Every alternate director is deemed to be the agent of his or her appointor.

Revocation or Amendment of Appointment of Alternate Director

15.6 An appointor may at any time, by notice in writing received by the Company, revoke or amend the terms of the appointment of an alternate director appointed by him or her.

Ceasing to be an Alternate Director

15.7 The appointment of an alternate director ceases when:

- (a) his or her appointor ceases to be a director and is not promptly re-elected or re-appointed;
- (b) the alternate director dies;

- (c) the alternate director resigns as an alternate director by notice in writing provided to the Company or a lawyer for the Company;
- (d) the alternate director ceases to be qualified to act as a director; or
- (e) the term of his appointment expires, or his or her appointor revokes the appointment of the alternate directors.

Remuneration and Expenses of Alternate Director

15.8 The Company may reimburse an alternate director for the reasonable expenses that would be properly reimbursed if he or she were a director, and the alternate director is entitled to receive from the Company such proportion, if any, of the remuneration otherwise payable to the appointor as the appointor may from time to time direct.

PART 16

POWERS AND DUTIES OF DIRECTORS

Powers of Management

16.1 The directors must, subject to the Act and these Articles, manage or supervise the management of the business and affairs of the Company and have the authority to exercise all such powers of the Company as are not, by the Act or by these Articles, required to be exercised by the shareholders of the Company. Notwithstanding the generality of the foregoing, the directors may set the remuneration of the auditor of the Company.

Appointment of Attorney of Company

16.2 The directors may from time to time, by power of attorney or other instrument, under seal if so required by law, appoint any person to be the attorney of the Company for such purposes, and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the directors under these Articles and excepting the power to fill vacancies in the board of directors, to remove a director, to change the membership of, or fill vacancies in, any committee of the directors, to appoint or remove officers appointed by the directors and to declare dividends) and for such period, and with such remuneration and subject to such conditions as the directors may think fit. Any such power of attorney may contain such provisions for the protection or convenience of persons dealing with such attorney as the directors think fit. Any such attorney may be authorized by the directors to sub-delegate all or any of the powers, authorities and discretions for the time being vested in him or her.

PART 17

DISCLOSURE OF INTEREST OF DIRECTORS AND OFFICERS

Obligation to Account for Profits

17.1 A director or senior officer who holds a disclosable interest (as that term is used in the Act) in a contract or transaction into which the Company has entered or proposes to enter is liable to account to the Company for any profit that accrues to the director or senior officer under or as a result of the contract or transaction only if and to the extent provided in the Act.

Restrictions on Voting by Reason of Interest

17.2 A director who holds a disclosable interest in a contract or transaction into which the Company has entered or proposes to enter is not entitled to vote on any directors' resolution to approve that contract or transaction, unless all the directors have a disclosable interest in that contract or transaction, in which case any or all of those directors may vote on such resolution.

Interested Director Counted in Quorum

17.3 A director who holds a disclosable interest in a contract or transaction into which the Company has entered or proposes to enter and who is present at the meeting of directors at which the contract or transaction is considered for approval may be counted in the quorum at the meeting whether or not the director votes on any or all of the resolutions considered at the meeting.

Disclosure of Conflict of Interest or Property

17.4 A director or senior officer who holds any office or possesses any property, right or interest that could result, directly or indirectly, in the creation of a duty or interest that materially conflicts with that individual's duty or interest as a director or senior officer, must disclose the nature and extent of the conflict as required by the Act.

Director Holding Other Office in the Company

17.5 A director may hold any office or place of profit with the Company, other than the office of auditor of the Company, in addition to his or her office of director for the period and on the terms (as to remuneration or otherwise) that the directors may determine.

No Disqualification

17.6 No director or intended director is disqualified by his or her office from contracting with the Company either with regard to the holding of any office or place of profit the director holds with the Company or as vendor, purchaser or otherwise, and no contract or transaction entered into by or on behalf of the Company in which a director is in any way interested is liable to be voided for that reason.

Professional Services by Director or Officer

17.7 Subject to the Act, a director or officer, or any person in which a director or officer has an interest, may act in a professional capacity for the Company, except as auditor of the Company, and the director or officer or such person is entitled to remuneration for professional services as if that director or officer were not a director or officer.

Director or Officer in Other Corporations

17.8 A director or officer may be or become a director, officer or employee of, or otherwise interested in, any person in which the Company may be interested as a shareholder or otherwise, and, subject to the Act, the director or officer is not accountable to the Company for any remuneration or other benefits received by him or her as director, officer or employee of, or from his or her interest in, such other person.

PART 18

PROCEEDINGS OF DIRECTORS

Meetings of Directors

18.1 The directors may meet together for the conduct of business, adjourn and otherwise regulate their meetings as they think fit, and meetings of the directors held at regular intervals may be held at the place, at the time and on the notice, if any, as the directors may from time to time determine.

Voting at Meetings

18.2 Questions arising at any meeting of directors are to be decided by a majority of votes and, in the case of an equality of votes, the chair of the meeting has a second or casting vote.

Chair of Meetings

18.3 The following individual is entitled to preside as chair at a meeting of directors:

- (a) the chair of the board, if any;
- (b) in the absence of the chair of the board, the president, if any, if the president is a director; or
- (c) any other director chosen by the directors if:
 - (i) neither the chair of the board nor the president, if a director, is present at the meeting within 15 minutes after the time set for holding the meeting;
 - (ii) neither the chair of the board nor the president, if a director, is willing to chair the meeting; or

- (iii) the chair of the board and the president, if a director, have advised the secretary, if any, or any other director, that they will not be present at the meeting.

Meetings by Telephone or Other Communications Medium

18.4 A director may participate in a meeting of the directors or of any committee of the directors in person or by telephone if all directors participating in the meeting, whether in person or by telephone, are able to communicate with each other. A director may participate in a meeting of the directors or of any committee of the directors by a communications medium other than telephone if all directors participating in the meeting, whether in person or by telephone or other communications medium, are able to communicate with each other and if all directors who wish to participate in the meeting agree to such participation. A director who participates in a meeting in a manner contemplated by this §18.4 is deemed for all purposes of the Act and these Articles to be present at the meeting and to have agreed to participate in that manner.

Calling of Meetings

18.5 A director may, and the secretary or an assistant secretary of the Company, if any, on the request of a director must, call a meeting of the directors at any time.

Notice of Meetings

18.6 Other than for meetings held at regular intervals as determined by the directors pursuant to §18.1, 48 hours' notice of each meeting of the directors, specifying the place, day and time of that meeting must be given to each of the directors by any method set out in §24.1 or orally or by telephone.

When Notice Not Required

18.7 It is not necessary to give notice of a meeting of the directors to a director if:

- (a) the meeting is to be held immediately following a meeting of shareholders at which that director was elected or appointed, or is the meeting of the directors at which that director is appointed; or
- (b) the director has waived notice of the meeting.

Meeting Valid Despite Failure to Give Notice

18.8 The accidental omission to give notice of any meeting of directors to, or the non-receipt of any notice by, any director, does not invalidate any proceedings at that meeting.

Waiver of Notice of Meetings

18.9 Any director may send to the Company a document signed by him or her waiving notice of any past, present or future meeting or meetings of the directors and may at any time withdraw that waiver with respect to meetings held after that withdrawal. After sending a waiver with respect to all future meetings and until that waiver is withdrawn, no notice of any meeting

of the directors need be given to that director and all meetings of the directors so held are deemed not to be improperly called or constituted by reason of notice not having been given to such director.

Quorum

18.10 The quorum necessary for the transaction of the business of the directors may be set by the directors and, if not so set, is deemed to be a majority of the directors or, if the number of directors is set at one, is deemed to be set at one director, and that director may constitute a meeting.

Validity of Acts Where Appointment Defective

18.11 Subject to the Act, an act of a director or officer is not invalid merely because of an irregularity in the election or appointment or a defect in the qualification of that director or officer.

Consent Resolutions in Writing

18.12 A resolution of the directors or of any committee of the directors may be passed without a meeting:

- (a) in all cases, if each of the directors entitled to vote on the resolution consents to it in writing; or
- (b) in the case of a resolution to approve a contract or transaction in respect of which a director has disclosed that he or she has or may have a disclosable interest, if each of the other directors who are entitled to vote on the resolution consents to it in writing.

18.13 A consent in writing under this Article may be by signed document, fax, email or any other method of transmitting legibly recorded messages. A consent in writing may be in two or more counterparts which together are deemed to constitute one consent in writing. A resolution of the directors or of any committee of the directors passed in accordance with this §18.12 is effective on the date stated in the consent in writing or on the latest date stated on any counterpart and is deemed to be a proceeding at a meeting of directors or of the committee of the directors and to be as valid and effective as if it had been passed at a meeting of the directors or of the committee of the directors that satisfies all the requirements of the Act and all the requirements of these Articles relating to meetings of the directors or of a committee of the directors.

PART 19

EXECUTIVE AND OTHER COMMITTEES

Appointment and Powers of Executive Committee

19.1 The directors may, by resolution, appoint an executive committee consisting of the director or directors that they consider appropriate, and this committee has, during the intervals between meetings of the board of directors, all of the directors' powers, except:

- (a) the power to fill vacancies in the board of directors;
- (b) the power to remove a director;
- (c) the power to change the membership of, or fill vacancies in, any committee of the directors; and
- (d) such other powers, if any, as may be set out in the resolution or any subsequent directors' resolution.

Appointment and Powers of Other Committees

19.2 The directors may, by resolution:

- (a) appoint one or more committees (other than the executive committee) consisting of the director or directors that they consider appropriate;
- (b) delegate to a committee appointed under §(a) any of the directors' powers, except:
 - (i) the power to fill vacancies in the board of directors;
 - (ii) the power to remove a director;
 - (iii) the power to change the membership of, or fill vacancies in, any committee of the directors; and
 - (iv) the power to appoint or remove officers appointed by the directors; and
- (c) make any delegation referred to in §(b) subject to the conditions set out in the resolution or any subsequent directors' resolution.

Obligations of Committees

19.3 Any committee appointed under §19.1 or §19.2, in the exercise of the powers delegated to it, must:

- (a) conform to any rules that may from time to time be imposed on it by the directors;
- and

- (b) report every act or thing done in exercise of those powers at such times as the directors may require.

Powers of Board

19.4 The directors may, at any time, with respect to a committee appointed under §19.1 or §19.2:

- (a) revoke or alter the authority given to the committee, or override a decision made by the committee, except as to acts done before such revocation, alteration or overriding;
- (b) terminate the appointment of, or change the membership of, the committee; and
- (c) fill vacancies in the committee.

Committee Meetings

19.5 Subject to §19.3(a) and unless the directors otherwise provide in the resolution appointing the committee or in any subsequent resolution, with respect to a committee appointed under §19.1 or §19.2:

- (a) the committee may meet and adjourn as it thinks proper;
- (b) the committee may elect a chair of its meetings but, if no chair of a meeting is elected, or if at a meeting the chair of the meeting is not present within 15 minutes after the time set for holding the meeting, the directors present who are members of the committee may choose one of their number to chair the meeting;
- (c) a majority of the members of the committee constitutes a quorum of the committee; and
- (d) questions arising at any meeting of the committee are determined by a majority of votes of the members present, and in case of an equality of votes, the chair of the meeting does not have a second or casting vote.

PART 20

OFFICERS

Directors May Appoint Officers

20.1 The directors may, from time to time, appoint such officers, if any, as the directors determine and the directors may, at any time, terminate any such appointment.

Functions, Duties and Powers of Officers

20.2 The directors may, for each officer:

- (a) determine the functions and duties of the officer;
- (b) entrust to and confer on the officer any of the powers exercisable by the directors on such terms and conditions and with such restrictions as the directors think fit; and
- (c) revoke, withdraw, alter or vary all or any of the functions, duties and powers of the officer.

Qualifications

20.3 No person may be appointed as an officer unless that person is qualified in accordance with the Act. One person may hold more than one position as an officer of the Company. Any person appointed as the chair of the board or as a managing director must be a director. Any other officer need not be a director.

Remuneration and Terms of Appointment

20.4 All appointments of officers are to be made on the terms and conditions and at the remuneration (whether by way of salary, fee, commission, participation in profits or otherwise) that the directors think fit and are subject to termination at the pleasure of the directors, and an officer may in addition to such remuneration be entitled to receive, after he or she ceases to hold such office or leaves the employment of the Company, a pension or gratuity.

PART 21

INDEMNIFICATION

Definitions

21.1 In this Part 21:

- (a) “eligible party” means an individual who:
 - (i) is or was a director or officer of the Company;
 - (ii) is or was a director or officer of another corporation
 - (A) at a time when the corporation is or was an affiliate of the Company, or
 - (B) at the request of the Company; or
 - (iii) at the request of the Company, is or was, or holds or held a position equivalent to that of, a director or officer of a partnership, trust, joint venture or other unincorporated entity;
- (b) “eligible penalty” means a judgment, penalty or fine awarded or imposed in, or an amount paid in settlement of, an eligible proceeding;

(c) “eligible proceeding” means a legal proceeding or investigative action, whether current, threatened, pending or completed, in which a director or former director of the Company or any of the heirs and legal personal representatives of the eligible party, by reason of the eligible party being or having been a director of the Company:

(i) is or may be joined as a party; or

(ii) is or may be liable for or in respect of a judgment, penalty or fine in, or expenses related to, the proceeding;

and shall include any other proceeding or action contemplated by the Act; and

(d) “expenses” has the meaning set out in the Act and includes costs, charges and expenses, including legal and other fees, but does not include judgments, penalties, fines or amounts paid in settlement of a proceeding.

Mandatory Indemnification of Directors and Former Directors

21.2 Subject to the Act, the Company must indemnify a director or former director of the Company and his or her heirs and legal personal representatives against all eligible penalties to which such person is or may be liable, and the Company must, after the final disposition of an eligible proceeding, pay the expenses actually and reasonably incurred by such person in respect of that proceeding. Each director or officer is deemed to have contracted with the Company on the terms of the indemnity contained in this §21.2.

Indemnification of Other Persons

21.3 Subject to any restrictions in the Act, the Company may agree to indemnify and may indemnify any person (including an eligible party) against eligible penalties and pay expenses incurred in connection with the performance of services by that person for the Company.

Authority to Advance Expenses

21.4 The Company may advance expenses to an eligible party to the extent permitted by and in accordance with the Act.

Non-Compliance with Act

21.5 Subject to the Act, the failure of a director or officer of the Company to comply with the Act or these Articles does not, of itself, invalidate any indemnity to which he or she is entitled under this Part.

Company May Purchase Insurance

21.6 The Company may purchase and maintain insurance for the benefit of any eligible party person (or his or her heirs or legal personal representatives) against any liability incurred by him or her as such director, officer or person who holds or held such equivalent position.

PART 22

DIVIDENDS

Payment of Dividends Subject to Special Rights

22.1 The provisions of this Part 22 are subject to the rights, if any, of shareholders holding shares with special rights as to dividends.

Declaration of Dividends

22.2 Subject to the Act, the directors may from time to time declare and authorize payment of such dividends as they may deem advisable.

Record Date

22.3 The directors must set a date as the record date for the purpose of determining shareholders entitled to receive payment of a dividend. The record date must not precede the date on which the dividend is to be paid by more than two months.

Manner of Paying Dividend

22.4 A resolution declaring a dividend may direct payment of the dividend wholly or partly by the distribution of specific assets or of fully paid shares or of bonds, debentures or other securities of the Company, or in any one or more of those ways.

Settlement of Difficulties

22.5 If any difficulty arises in regard to a distribution under §22.4, the directors may settle the difficulty as they deem advisable, and, in particular, may:

- (a) set the value for distribution of specific assets;
- (b) determine that cash payments in substitution for all or any part of the specific assets to which any shareholders are entitled may be made to any shareholders on the basis of the value so fixed in order to adjust the rights of all parties; and
- (c) vest any such specific assets in trustees for the persons entitled to the dividend.

When Dividend Payable

22.6 Any dividend may be made payable on such date as is fixed by the directors.

Dividends to be Paid in Accordance with Number of Shares

22.7 All dividends on shares of any class or series of shares must be declared and paid according to the number of such shares held.

Receipt by Joint Shareholders

22.8 If several persons are joint shareholders of any share, any one of them may give an effective receipt for any dividend, bonus or other money payable in respect of the share.

Dividend Bears No Interest

22.9 No dividend bears interest against the Company.

Fractional Dividends

22.10 If a dividend to which a shareholder is entitled includes a fraction of the smallest monetary unit of the currency of the dividend, that fraction may be disregarded in making payment of the dividend and that payment represents full payment of the dividend.

Payment of Dividends

22.11 Any dividend or other distribution payable in cash in respect of shares may be paid by cheque, made payable to the order of the person to whom it is sent, and mailed to the address of the shareholder, or in the case of joint shareholders, to the address of the joint shareholder who is first named on the central securities register, or to the person and to the address the shareholder or joint shareholders may direct in writing. The mailing of such cheque will, to the extent of the sum represented by the cheque (plus the amount of the tax required by law to be deducted), discharge all liability for the dividend unless such cheque is not paid on presentation or the amount of tax so deducted is not paid to the appropriate taxing authority.

Capitalization of Surplus

22.12 Notwithstanding anything contained in these Articles, the directors may from time to time capitalize any surplus of the Company and may from time to time issue, as fully paid, shares or any bonds, debentures or other securities of the Company as a dividend representing the surplus or any part of the surplus.

PART 23

DOCUMENTS, RECORDS AND REPORTS

Recording of Financial Affairs

23.1 The directors must cause adequate accounting records to be kept to record properly the financial affairs and condition of the Company and to comply with the Act.

Inspection of Accounting Records

23.2 Unless the directors determine otherwise, or unless otherwise determined by ordinary resolution, no shareholder of the Company is entitled to inspect or obtain a copy of any accounting records of the Company.

PART 24

NOTICES

Method of Giving Notice

24.1 Unless the Act or these Articles provide otherwise, a notice, statement, report or other record required or permitted by the Act or these Articles to be sent by or to a person may be sent by:

- (a) mail addressed to the person at the applicable address for that person as follows:
 - (i) for a record mailed to a shareholder, the shareholder's registered address;
 - (ii) for a record mailed to a director or officer, the prescribed address for mailing shown for the director or officer in the records kept by the Company or the mailing address provided by the recipient for the sending of that record or records of that class;
 - (iii) in any other case, the mailing address of the intended recipient;
- (b) delivery at the applicable address for that person as follows, addressed to the person:
 - (i) for a record delivered to a shareholder, the shareholder's registered address;
 - (ii) for a record delivered to a director or officer, the prescribed address for delivery shown for the director or officer in the records kept by the Company or the delivery address provided by the recipient for the sending of that record or records of that class;
 - (iii) in any other case, the delivery address of the intended recipient;
- (c) sending the record by fax to the fax number provided by the intended recipient for the sending of that record or records of that class;
- (d) sending the record by email to the email address provided by the intended recipient for the sending of that record or records of that class;
- (e) physical delivery to the intended recipient.

Deemed Receipt of Mailing

24.2 A record that is mailed to a person by ordinary mail to the applicable address for that person referred to in §24.1 is deemed to be received by the person to whom it was mailed on the day, Saturdays, Sundays and holidays excepted, following the date of mailing.

Certificate of Sending

24.3 A certificate signed by the secretary, if any, or other officer of the Company or of any other corporation acting in that behalf for the Company stating that a notice, statement, report or other record was addressed as required by §24.1, prepaid and mailed or otherwise sent as permitted by §24.1 is conclusive evidence of that fact.

Notice to Joint Shareholders

24.4 A notice, statement, report or other record may be provided by the Company to the joint shareholders of a share by providing the notice to the joint shareholder first named in the central securities register in respect of the share.

Notice to Trustees and Personal Representatives

24.5 A notice, statement, report or other record may be provided by the Company to the persons entitled to a share in consequence of the death, bankruptcy or incapacity of a shareholder by:

- (a) mailing the record, addressed to them:
 - (i) by name, by the title of the legal personal representative of the deceased or incapacitated shareholder, by the title of trustee of the bankrupt shareholder or by any similar description; and
 - (ii) at the address, if any, supplied to the Company for that purpose by the persons claiming to be so entitled; or
- (b) if an address referred to in §(a)(ii) has not been supplied to the Company, by giving the notice in a manner in which it might have been given if the death, bankruptcy or incapacity had not occurred.

Undelivered Notices

24.6 If any record sent to a shareholder pursuant to Article 241. is returned on two consecutive occasions because the shareholder cannot be located, the Company shall not be required to send any further records to the shareholder until the shareholder informs the Company in writing of his or her new address.

PART 25

SEAL

Who May Attest Seal

25.1 Except as provided in §25.2 and §25.3, the Company's seal, if any, must not be impressed on any record except when that impression is attested by the signatures of:

- (a) any two directors;
- (b) any officer, together with any director;
- (c) if the Company only has one director, that director; or
- (d) any one or more directors or officers or persons as may be determined by the directors.

Sealing Copies

25.2 For the purpose of certifying under seal a certificate of incumbency of the directors or officers of the Company or a true copy of any resolution or other document, despite §25.1, the impression of the seal may be attested by the signature of any director or officer.

Mechanical Reproduction of Seal

25.3 The directors may authorize the seal to be impressed by third parties on share certificates or bonds, debentures or other securities of the Company as they may determine appropriate from time to time. To enable the seal to be impressed on any share certificates or bonds, debentures or other securities of the Company, whether in definitive or interim form, on which facsimiles of any of the signatures of the directors or officers of the Company are, in accordance with the Act or these Articles, printed or otherwise mechanically reproduced, there may be delivered to the person employed to engrave, lithograph or print such definitive or interim share certificates or bonds, debentures or other securities one or more unmounted dies reproducing the seal and the chair of the board or any senior officer together with the secretary, treasurer, secretary-treasurer, an assistant secretary, an assistant treasurer or an assistant secretary-treasurer may in writing authorize such person to cause the seal to be impressed on such definitive or interim share certificates or bonds, debentures or other securities by the use of such dies. Share certificates or bonds, debentures or other securities to which the seal has been so impressed are for all purposes deemed to be under and to bear the seal impressed on them.

PART 26

PROHIBITIONS

Definitions

26.1 In this Part 26:

- (a) “designated security” means:
 - (i) a voting security of the Company;
 - (ii) a security of the Company that is not a debt security and that carries a residual right to participate in the earnings of the Company or, on the liquidation or winding up of the Company, in its assets; or

- (iii) a security of the Company convertible, directly or indirectly, into a security described in §(a) or §(b);
- (b) “security” has the meaning assigned in the Securities Act (British Columbia);
- (c) “voting security” means a security of the Company that:
 - (i) is not a debt security, and
 - (ii) carries a voting right either under all circumstances or under some circumstances that have occurred and are continuing.

Application

26.2 §26.3 does not apply to the Company if it becomes and for so long as it is a public company or in the event it ceases being eligible to use the private company exemption for distribution of securities under the Securities Act.

Consent Required for Transfer of Shares or Designated Securities

26.3 No share or designated security may be sold, transferred or otherwise disposed of without the consent of the directors and the directors are not required to give any reason for refusing to consent to any such sale, transfer or other disposition.

PART 27

SPECIAL RIGHTS AND RESTRICTIONS PREFERRED SHARES

Special Rights and Restrictions Applicable to Class and Each Series

27.1 The Preferred shares of the Company as a class shall have attached thereto the special rights and restrictions specified in this Article.

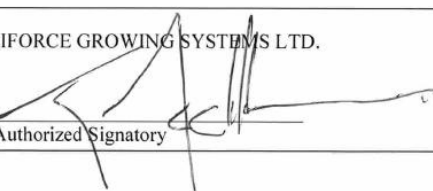
27.2 The Preferred shares may include one or more series of shares, and, subject to the Act, the directors may, by resolution,

- (a) determine the maximum number of shares of any of those series of shares that the Company is authorized to issue, determine that there is no maximum number or, if none of the shares of that series is issued, alter any determination so made, and authorize the alteration of the notice of articles accordingly;
- (b) alter the articles, and authorize the alteration of the notice of articles, to create an identifying name by which the shares of any of those series of shares may be identified or, if none of the shares of that series is issued, to alter any such identifying name so created;

(c) alter the articles, and authorize the alteration of the notice of articles accordingly, to attach special rights or restrictions to the shares of any of those series of shares, including, but without in any way limiting or restricting the generality of the foregoing, the rate or amount of dividends, whether cumulative, non-cumulative or partially cumulative, the dates, places and currencies of payment thereof, the consideration for, and the terms and conditions of, any purchase or redemption thereof, including redemption after a fixed term or at a premium, conversion or exchange rights, the terms and conditions of any share purchase plan or sinking fund, the restrictions respecting payment of dividends on, or the repayment of capital in respect of, any other shares of the Company and voting rights and restrictions but no special right or restriction so created, defined or attached shall contravene the provisions of §27.3 and §27.4 of this Article, or, if none of the shares of that series is issued, to alter any such special rights or restrictions.

27.3 Holders of Preferred shares shall be entitled, on the distribution of assets of the Company on the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, or on any other distribution of assets of the Company among its shareholders for the purpose of winding up its affairs, to receive, before any distribution shall be made to holders of Common shares or any other shares of the Company ranking junior to the Preferred shares with respect to repayment of capital on any such event, the amount required to be paid in accordance with the special rights and restrictions attached to the series of shares held by them, together with the fixed premium (if any) thereon, an amount equal to all accrued and unpaid cumulative dividends (if any and if preferential) thereon, which for such purpose shall be calculated as if such dividends were accruing on a day-to-day basis up to the date of such distribution, whether or not earned or declared, and all declared and unpaid non-cumulative dividends (if any and if preferential) thereon. After payment to holders of Preferred shares of the amounts so payable to them, they shall not, as such, be entitled to share in any further distribution of the property or assets of the Company except as specifically provided in the special rights and restrictions attached to any particular series.

27.4 Holders of Preferred shares shall only be entitled, as such, to receive notice of, and/or to attend and/or vote at, any general meeting of shareholders of the Company only as provided in the special rights and restrictions attached to any particular series.

Full name and signature of the incorporator	Date of signing
AGRIFORCE GROWING SYSTEMS LTD. Per:  Authorized Signatory	December ____, 2019



Number: BC1232379

CERTIFICATE OF INCORPORATION

BUSINESS CORPORATIONS ACT

I Hereby Certify that CANIVATE GROWING SYSTEMS LTD. was incorporated under the Business Corporations Act on December 4, 2019 at 09:30 AM Pacific Time.



ELECTRONIC CERTIFICATE

*Issued under my hand at Victoria, British Columbia
On December 4, 2019*

CAROL PREST
Registrar of Companies
Province of British Columbia
Canada

State of Delaware
Secretary of State
Division of Corporations
Delivered 06:55 PM 04/09/2019
FILED 06:55 PM 04/09/2019
SR 20192697820 - File Number 7365995

**STATE OF DELAWARE
CERTIFICATE OF INCORPORATION
WEST PENDER INVESTMENTS, INC.**

ARTICLE ONE

The name of this Corporation is **West Pender Investments, Inc.**

ARTICLE TWO

The address of the Corporation's registered office in the State of Delaware is to be located at 2140 South Dupont Highway, in the City of Camden, County of Kent, 19934. The registered agent in charge thereof is Paracorp Incorporated.

ARTICLE THREE

The purpose of the corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.

ARTICLE FOUR

The total number of shares of stock which the corporation is authorized to issue is ten million (10,000,000) shares having a par value of \$0.00001 per share.

ARTICLE FIVE

The Corporation is to have perpetual existence.

ARTICLE SIX

The number of Directors which constitutes the whole Board of Directors of the Corporation and the manner of their election shall be designated in the Bylaws of the Corporation.

ARTICLE SEVEN

In furtherance and not in limitation of the powers conferred by statute, the Board of Directors is expressly authorized to make, alter, amend, or repeal the Bylaws of the Corporation.

ARTICLE EIGHT

(a) To the fullest extent permitted by the Delaware General Corporation Law as the same exists or as may hereafter be amended, a Director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a Director; provided, however, that this provision shall not eliminate or limit the liability of a

Direct: (i) for any breach of the Director's duty of loyalty to the Corporation or its stockholders; (ii) for acts or omissions not in good faith or which involve material misconduct or a knowing violation of law; (iii) under the Delaware General Corporation Law; or (iv) for any transaction from which the Director derived an improper personal benefit

(b) The Corporation may indemnify to the fullest extent permitted by law any person made or threatened to be made a party to an action or proceeding, whether criminal, civil, administrative, or investigative, by reason of the fact that he or his testator or testate is or was a director, officer, employee, or agent of the Corporation or any predecessor of the Corporation or serves or served at any other enterprise as a director, officer, employee, or agent at the request of the Corporation or any predecessor to the Corporation.

(c) Neither any amendment nor repeal of this Article Eight, nor the adoption of any provision of this Corporation's Certificate of Incorporation inconsistent with this Article Eight, shall eliminate or reduce the effect of this Article Eight in respect of any matter occurring, or any action or proceeding accruing or arising or that, but for this Article Eight, would accrue or arise, prior to such amendment, repeal, or adoption of an inconsistent provision.

ARTICLE NINE

The Corporation reserves the right to amend, alter, change, or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation.

ARTICLE TEN

The name and address of the incorporator are as follows:

Cathryne Velazquez
2140 S. DuPont Hwy.
Camden, DE 19934

I, The Undersigned, for the purpose of forming a corporation under the laws of the State of Delaware, do make, file and record this Certificate, and do certify that the facts herein stated are true, and I have accordingly hereunto set my hand this 9th day of April, A.D. 2019.

By: Cathryne Velazquez
/s/ Cathryne Velazquez
Incorporator

**ACTION BY WRITTEN CONSENT OF SOLE DIRECTOR
WEST PENDER INVESTMENTS, INC.
A DELAWARE CORPORATION
(In Lieu of a First Meeting)**

April 10, 2019

The undersigned, being the sole director of Canivate Holdings (US), Inc., a Delaware corporation ("Corporation"), pursuant to authority to act without a meeting in accordance with Section 141(f) of the General Corporation Law of Delaware, consents to the taking of the actions and adopts the resolutions set out below. This written consent of the board of directors ("Action") is in lieu of the first meeting of the Corporation's board of directors ("Board"), and all of the actions taken and resolutions set out in it shall have the same force and effect as if they were taken or adopted at such first meeting. This consent is executed as of the date last written below, and shall be filed in the Corporation's minute book.

RATIFICATION OF INCORPORATOR'S ACTS

RESOLVED, that the Corporation ratify, confirm, and approve its acceptance of the resignation of the Sole Incorporator.

RESOLVED FURTHER, that the actions of the Sole Incorporator be and hereby are approved in all respects and all actions of every nature thereby shown to have been taken are hereby ratified, approved and confirmed.

**CERTIFICATE OF INCORPORATION AND AGENT
FOR SERVICE OF PROCESS**

RESOLVED, that the Corporation ratify, confirm and approve its acceptance of the Certificate of Incorporation of the Corporation which was filed in the office of the Delaware Secretary of State on April 9, 2019 and assigned the Delaware State Corporation filing number 7365995.

RESOLVED FURTHER, that a certified copy of the Certificate of Incorporation be inserted in the Minute Book of the Corporation.

RESOLVED FURTHER, that Paracorp Incorporated, named as the initial agent for service of process in the Certificate of Incorporation of the Corporation, is hereby confirmed as the Corporation's agent for the purpose of service of process.

BYLAWS

RESOLVED, that the Bylaws presented to the board are hereby ratified and approved as the Bylaws of the Corporation. A copy of said Bylaws shall be certified and inserted in the Minute

Book of this Corporation which shall be kept at the principal office for the transaction of business of this Corporation.

RESOLVED FURTHER, that the Secretary of this Corporation is authorized and directed to execute a certificate of the adoption of said Bylaws and to enter said Bylaws as so certified in the Minute Book of this Corporation, and to see that a copy of said Bylaws is kept at the principal executive office or business office of the Corporation in California.

CORPORATE SEAL

RESOLVED, that a corporate seal be adopted as the seal of this Corporation in the form of two concentric circles, with the name of the Corporation and state of incorporation between the two circles and the date of incorporation within the inner circle.

RESOLVED FURTHER, that the proposed seal presented to the Board for approval in the form impressed upon the last page of this Action is hereby adopted and approved as the official seal of this Corporation.

UNCERTIFICATED SHARES

RESOLVED, That the shares of the Corporation shall be uncertificated, provided that the Corporation may issue certificated shares for some or all of any or all classes or series of its stock if deemed advisable and in the best interests of the Corporation by the officers, in consultation with legal counsel.

NUMBER OF DIRECTORS

RESOLVED, the number of members of the Board of Directors of this Corporation is hereby fixed at one (1).

ELECTION OF OFFICERS

RESOLVED, that the following persons are elected to the offices indicated opposite their names to serve until their successors are duly elected or appointed pursuant to the Bylaws, or until resignation or removal, as the case may be, and effective upon their acceptance of their positions, to exercise their powers as officers of the Corporation:

Name

Ingo Mueller
Richard Wong
Ingo Muller

Title

President
Chief Financial Officer
Secretary

LOCATION OF PRINCIPAL EXECUTIVE OFFICE

RESOLVED, that the principal executive office of this Corporation be and the same is hereby designated and fixed at: 1500 West Georgia Street, Vancouver, British Columbia V6G 4N7, Canada, until changed by subsequent action of the Directors of the Corporation.

ISSUANCE OF STOCK

RESOLVED, that the Corporation shall, and the officers of the Corporation are, and each of them is, hereby authorized and directed to offer for sale, and to issue and sell, common shares of the Corporation ("Shares") to the following persons in the amounts and for the consideration set forth below their respective names:

Name:	Canivate Growing Systems, Ltd.
Amount:	One Hundred (100) Shares
Consideration:	One Hundred Dollars (\$100.00)

RESOLVED FURTHER, that the offer and sale of the Shares shall be in accordance with the applicable provisions of state and federal securities laws, and specifically that the Shares shall be offered and sold in a transaction not involving a public offering;

RESOLVED FURTHER, that the offer and sale of the Shares will not be accompanied by the publication of any advertisement, that no selling expenses will be given, paid or incurred in connection therewith, and that no promotional consideration will be given, paid or incurred in connection therewith;

RESOLVED FURTHER, that the officers of the Corporation, or any of them acting alone, are hereby authorized and directed to file such applications, documents and other materials and to take such actions as are reasonable and necessary in order to qualify the issuance of the Shares under applicable state and federal securities laws or an exemption therefrom;

RESOLVED FURTHER, that the officers of the Corporation, or any one of them acting alone, are hereby authorized and directed to execute such documents and to take such actions as are reasonable and necessary in order to carry out the foregoing resolutions.

PAYMENT OF EXPENSES

WHEREAS, in order to provide for payment of expenses of the incorporation and organization of the Corporation, the following resolution is adopted:

RESOLVED, that each of the officers of this Corporation are authorized and directed to cause this Corporation to pay the expenses of its incorporation and organization.

BANK ACCOUNT

RESOLVED, that the President, Chief Financial Officer and the Secretary of this Corporation, acting together or alone in the name and on behalf of the Corporation, are hereby authorized:

(a) To designate one or more banks, trust companies, or other similar institutions as depositories of the funds, including, without limitation, cash and cash equivalents, of this Corporation;

(b) To open, keep, and close general and special bank accounts, including general deposit accounts, payroll accounts, and working fund accounts, with any such depository;

(c) To cause to be deposited in such accounts with any such depository, from time to time, such funds, including, without limitation, cash and cash equivalents, of this Corporation as such officers deem necessary or advisable, and to designate or change the designation of the officer or officers and agent or agents of this Corporation who will be authorized to make such deposits and to endorse checks, drafts, or other instruments for such deposit;

(d) From time to time to designate or change the designation of the officer or officers and agent or agents of this Corporation who will be authorized to sign or countersign checks, drafts or other orders for the payment of money issued in the name of this Corporation against any funds deposited in any such accounts, and to revoke any such designation;

(e) To authorize the use of facsimile signatures for the signing or countersigning of checks, drafts, or other orders for the payments of money, and to enter into such agreements as banks and trust companies customarily require as a condition for permitting the use of facsimile signatures;

(f) To make such general and special rules and regulations with respect to such accounts as they may deem necessary or advisable; and

(g) To complete, execute, and/or certify any customary printed blank signature card forms in order conveniently to exercise the authority granted by this resolution and any resolutions printed thereon shall be deemed adopted as a part hereof.

RESOLVED, FURTHER, that all form resolutions required by any such depository as presented to this Corporation, are hereby adopted in such form utilized by the depository, and the Secretary of this Corporation is hereby authorized to certify such resolutions as having been adopted pursuant to this Action and is directed to insert the form of such resolutions in the Minute Book immediately following these resolutions.

RESOLVED, FURTHER, that any such depository to which a copy certified by the Secretary or an Assistant Secretary of this Corporation of these resolutions shall have been delivered shall be entitled to rely thereon for all purposes until it shall have received written notice of the revocation or amendment of these resolutions by the Board of Directors of this Corporation.

APPOINTMENT OF ACCOUNTANT

RESOLVED, that each of the officers of this Corporation, acting together or alone, are hereby authorized, directed and empowered to select and appoint an accountant(s) and or accounting firm(s) to serve at the pleasure of the Board of the Corporation to assist the Corporation in establishing its books of account, to audit its financial statement and otherwise to advise this Corporation in connection with accounting matters.

ESTABLISHMENT OF FISCAL YEAR

RESOLVED, that the date for the fiscal year end of the Corporation shall be December 31.

QUALIFICATION TO DO BUSINESS IN OTHER STATES

RESOLVED, that for the purpose of authorizing this Corporation to do business in any state, territory or dependency of the United States or any province of Canada or any foreign country in which it is necessary or expedient for the Corporation to transact business, the proper officers of this Corporation are hereby authorized to appoint and substitute all necessary agents or attorneys for service of process, to designate and change the location of all necessary statutory offices and, under the corporate seal, to make and file all necessary certificates, reports, powers of attorney and other instruments as may be required by the laws of such state, territory, dependency, province or country to authorize this Corporation to transact business therein and whenever it is expedient for this Corporation to cease doing business therein and withdraw therefrom, to revoke any appointment of agent or attorney for service of process, and to file such certificate, report, revocation of appointment, surrender of authority or other instrument as may be necessary to terminate the authority of this Corporation to do business in any state, territory, dependency, province or country.

EMPLOYER IDENTIFICATION NUMBER

RESOLVED, that the officers of the Corporation are, and each of them is, hereby authorized and directed to take all actions necessary or appropriate to obtain federal and state employer identification numbers, and to comply with applicable payroll reporting, tax, and withholding requirements.

OTHER FILINGS

RESOLVED, that each of the officers of this Corporation is authorized and directed to make such filings and applications, to execute and deliver such documents and instruments and to do such acts and things as such officer deems necessary in order to obtain such licenses,

authorizations, and permits as are necessary or desirable for the Corporation's business, to fulfill such legal requirements as are applicable to this Corporation or its business or to complete the organization of this Corporation.

In Witness Whereof, the undersigned has executed this Action by Written Consent of Sole Director effective as of April 10, 2019.



Ingo Mueller

Delaware

The First State

Page 1

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF AMENDMENT OF "WEST PENDER INVESTMENTS, INC.", CHANGING ITS NAME FROM "WEST PENDER INVESTMENTS, INC." TO "AGRIFORCE INVESTMENTS, INC.", FILED IN THIS OFFICE ON THE TWENTY-SECOND DAY OF NOVEMBER, A.D. 2019, AT 9:38 O'CLOCK A.M.

A FILED COPY OF THIS CERTIFICATE HAS BEEN FORWARDED TO THE KENT COUNTY RECORDER OF DEEDS.



7365995 8100
SR# 20198244382

You may verify this certificate online at corp.delaware.gov/authver.shtml

A handwritten signature in black ink, appearing to read "JBullock", is written over a horizontal line. Below the line, the text "Jeffrey W. Bullock, Secretary of State" is printed in a small font.

Authentication: 204078706
Date: 11-25-19

State of Delaware
Secretary of State
Division of Corporations
Delivered 09:38 AM 11/22/2019
FILED 09:38 AM 11/22/2019
SR 20198244382 - FileNumber 7365995

STATE OF DELAWARE
CERTIFICATE OF AMENDMENT

TO CERTIFICATE OF INCORPORATION

West Pender Investments, Inc. ("**Corporation**"), a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware does hereby certify:

FIRST: That at a meeting of the Board of Directors of the Corporation, a resolution was duly adopted setting forth a proposed amendment to the Certificate of Incorporation of the Corporation, declaring said amendment to be advisable. The resolution setting forth the proposed amendment is as follows:

RESOLVED, that the Certificate of Incorporation of the Corporation be amended by changing ARTICLE ONE, so that, as amended, said ARTICLE ONE shall be and read as follows:

ARTICLE ONE

The name of this Corporation is AgriFORCE Investments, Inc.

SECOND: That neither the Certificate of Incorporation nor the Bylaws of the Corporation expressly require a meeting or vote of stockholders to change the name of the Corporation.

THIRD: That the foregoing amendment was duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Amendment of Certificate of Incorporation to be executed by a duly authorized officer this 21st day of November, 2019.

WEST PENDER INVESTMENTS, INC.

By: /s/ Ingo Mueller
Name: Ingo Mueller
Title: Chief Executive Officer

BARBARA K. CEGAVSKE
Secretary of State

KIMBERLEY PERONDI
Deputy Secretary for
Commercial Recordings

STATE OF NEVADA



OFFICE OF THE
SECRETARY OF STATE

Commercial Recordings Division
202 N. Carson Street
Carson City, NV 89701
Telephone (775) 684-5708
Fax (775) 684-7138
North Las Vegas City Hall
2250 Las Vegas Blvd North, Suite 400
North Las Vegas, NV 89030
Telephone (702) 486-2880
Fax (702) 486-2888

Certified Copy

3/5/2020 2:49:59 PM

Work Order Number: W2020030501287
Reference Number: 20200525820
Through Date: 3/5/2020 2:49:59 PM
Corporate Name: AGI IP Co.

The undersigned filing officer hereby certifies that the attached copies are true and exact copies of all requested statements and related subsequent documentation filed with the Secretary of State's Office, Commercial Recordings Division listed on the attached report.

Document Number	Description	Number of Pages
20200525770	Articles of Incorporation-For-Profit	4



Certified By: Rhonda Tuin
Certificate Number: B20200305633642
You may verify this certificate
online at <http://www.nvsos.gov>

Respectfully,

BARBARA K. CEGAVSKE
Nevada Secretary of State



BARBARA K. CEGAVSKE
Secretary of State
202 North Carson Street
Carson City, Nevada 89701-4201
(775) 684-5708
Website: www.nvsos.gov

www.nvsilverflume.gov

Filed in the Office of <i>Barbara K. Cegavske</i>	Business Number E425712020-9
Secretary of State State Of Nevada	Filing Number 20200626770
	Filed On 3/5/2020 11:56:00 AM
	Number of Pages 4

ABOVE SPACE IS FOR OFFICE USE ONLY

Formation - Profit Corporation

☒ NRS 78 - Articles of Incorporation Domestic Corporation ☐ NRS 80 - Foreign Corporation ☐ NRS 89 - Articles of Incorporation Professional Corporation

☐ 78A Formation - Close Corporation

(Name of Close Corporation MUST appear in the below heading)

Articles of Formation of _____ a close corporation (NRS 78A)

TYPE OR PRINT - USE DARK INK ONLY - DO NOT HIGHLIGHT

1. Name of Entity:
(If foreign, name in
home jurisdiction)

AGI IP Co.

2. Registered Agent
for Service
of Process: (Check only
one box)

☒ Commercial Registered Agent (name only below) ☐ Noncommercial Registered Agent (name and address below) ☐ Office or Position with Entity (title and address below)

Paracorp Incorporated

Name of Registered Agent OR Title of Office or Position with Entity

Nevada

Street Address

City

Zip Code

Nevada

Mailing Address (if different from street address)

City

Zip Code

2a. Certificate of
Acceptance of
Appointment of
Registered Agent:

I hereby accept appointment as Registered Agent for the above named Entity. If the registered agent is unable to sign the Articles of Incorporation, submit a separate signed Registered Agent Acceptance form.

X _____ for Paracorp Incorporated 3/4/2020
Authorized Signature of Registered Agent or On Behalf of Registered Agent Entity Date

3. Governing Board:
(NRS 78A, close corporation
only, check one box; if yes,
complete article 4 below)

This corporation is a close corporation operating with a board of directors ☐ Yes ☒ No

4. Names and
Addresses of the
Board of Directors/
Trustees or
Stockholders

(NRS 78: Board of Directors/
Trustees is required.)

NRS 78a: Required if the Close
Corporation is governed by a
board of directors.

NRS 89: Required to have the
Original stockholders and
directors. A certificate from the
regulatory board must be
submitted showing that each
individual is licensed at the time
of filing. See instructions)

1) Ingo Mueller

Canada

Name

Country

1500 - 1055 West Georgia Street

Vancouver

Bc

V6E4N7

Street Address

City

State

Zip/Postal Code

2)

Name

Country

Street Address

City

State

Zip/Postal Code

3)

Name

Country

Street Address

City

State

Zip/Postal Code

5. Jurisdiction of
Incorporation: (NRS
80 only)

5a. Jurisdiction of incorporation:

5b. I declare this entity is in good standing in
the jurisdiction of its incorporation. ☐

This form must be accompanied by appropriate fees.

Page 1 of 2
Revised: 1/1/2019



BARBARA K. CEGAVSKE
Secretary of State
202 North Carson Street
Carson City, Nevada 89701-4201
(775) 684-5708
Website: www.nvsos.gov
www.nvsilverflume.gov

Formation - Profit Corporation

Continued, Page 2

6. Benefit Corporation: (For NRS 78, NRS 78A, and NRS 89, optional. See instructions.)	By selecting "Yes" you are indicating that the corporation is organized as a benefit corporation pursuant to NRS Chapter 78B with a purpose of creating a general or specific public benefit. The purpose for which the benefit corporation is created must be disclosed in the below purpose field.	Yes <input type="checkbox"/>
7. Purpose/Profession to be practiced: (Required for NRS 80, NRS 89 and any entity selecting Benefit Corporation. See instructions.)		
8. Authorized Shares: (Number of shares corporation is authorized to issue)	Number of common shares with Par value: 10,000,000 Par value: \$ 0.0010000000 Number of preferred shares with Par value: Par value: \$ Number of shares with no par value: If more than one class or series of stock is authorized, please attach the information on an additional sheet of paper.	
9. Name and Signature of: Officer making the statement or Authorized Signer for NRS 80. Name, Address and Signature of the Incorporator for NRS 78, 78A, and 89, NRS 89 - Each Organizer/ Incorporator must be a licensed professional.	I declare, to the best of my knowledge under penalty of perjury, that the information contained herein is correct and acknowledge that pursuant to NRS 239.330, it is a category C felony to knowingly offer any false or forged instrument for filing in the Office of the Secretary of State. Ingo Mueller Canada Name Country 1500 - 1055 West Georgia Street Vancouver BC V6E4N7 Address City State Zip/Postal Code X (attach additional page if necessary)	

AN INITIAL LIST OF OFFICERS MUST ACCOMPANY THIS FILING

Please include any required or optional information in space below:
(attach additional page(s) if necessary)

**STATE OF NEVADA
ARTICLES OF INCORPORATION
AGI IP CO.**

(Attachment)

ARTICLE TEN

The governing board of this Corporation shall be known as directors, and the number of directors may from time to time be increased or decreased in such manner as shall be provided by the bylaws of this Corporation.

ARTICLE ELEVEN

A. The Corporation may maintain offices at such other places within or outside the State of Nevada as it may from time to time determine. Corporate business of every kind and nature may be conducted, and meetings of directors and stockholders may be held outside the State of Nevada with the same effect as if in the State of Nevada.

B. In furtherance and not in limitation of the powers conferred by statute, the directors are expressly authorized to make, alter, amend, or repeal the bylaws of the Corporation.

C. Election of directors need not be by written ballot unless the bylaws so provide.

D. The books of the Corporation may be kept outside the State of Nevada at such place or places as may be designated from time to time by the directors or in the bylaws.

ARTICLE TWELVE

A. A director or officer of the Corporation shall not be personally liable to the Corporation or its stockholders for damages for breach of fiduciary duty as a director or officer, but this Article shall not eliminate or limit the liability of a director or officer for (i) acts or omissions which involve intentional misconduct, fraud or a knowing violation of law or (ii) the unlawful payment of distributions. Any repeal or modification of this Article by the stockholders of the Corporation shall be prospective only, and shall not adversely affect any limitation on the personal liability of a director or officer of the Corporation for acts or omissions prior to such repeal or modification.

B. Every person who was or is a party or is threatened to be made a party to or is involved in any action, suit or proceedings, whether civil, criminal, administrative or investigative, by reason of the fact that he is or was a director or officer of the corporation, shall be indemnified and held harmless to the fullest extent legally permissible under the law of the State of Nevada from time to time against all expenses, liability and loss (including attorney's fees, judgments, fines and amounts paid or to be paid in settlement) reasonably incurred or suffered by him in connection therewith. Such right of indemnification shall be a contract right that may be enforced in any manner desired by such person. Such right of indemnification shall not be exclusive of any other right which such directors, officers or representatives may have or hereafter acquire and, without limiting the generality of such statement, they shall be entitled to their respective rights of indemnification under any Bylaw, agreement, vote of stockholders, provision of law or otherwise, as well as their rights under this Article. Without limiting the application of the foregoing, the board

of directors may adopt Bylaws from time to time with respect to indemnification to provide at all times the fullest indemnification permitted by the law of the State of Nevada and may cause the corporation to purchase and maintain insurance on behalf of any person who is or was a director or officer of the corporation as a director or officer of another corporation, or as its representative in a partnership, joint venture, trust or other enterprise against any liability asserted against such person and incurred in any such capacity or arising out of such status, whether or not the corporation would have the power to indemnify such person.

C. Neither any amendment nor repeal of this Article, nor the adoption of any provision of this Corporation's Certificate of Incorporation inconsistent with this Article, shall eliminate or reduce the effect of this Article Eight in respect of any matter occurring, or any action or proceeding accruing or arising or that, but for this Article, would accrue or arise, prior to such amendment, repeal, or adoption of an inconsistent provision.

ARTICLE THIRTEEN

The Corporation reserves the right to amend, alter, change, or repeal any provision contained in the Articles of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation.

(END OF ARTICLES OF INCORPORATION)

SECRETARY OF STATE



DOMESTIC CORPORATION (78) CHARTER

I, BARBARA K. CEGAVSKE, the duly qualified and elected Nevada Secretary of State, do hereby certify that **AGI IP Co.** did, on 03/05/2020, file in this office the original ARTICLES OF INCORPORATION-FOR-PROFIT that said document is now on file and of record in the office of the Secretary of State of the State of Nevada, and further, that said document contains all the provisions required by the law of the State of Nevada.



Certificate Number: B20200305633582

You may verify this certificate
online at <http://www.nvsos.gov>

IN WITNESS WHEREOF, I have hereunto set my
hand and affixed the Great Seal of State, at my
office on 03/05/2020.

Barbara K. Cegavske

BARBARA K. CEGAVSKE
Secretary of State

BARBARA K. CEGAVSKE
Secretary of State

KIMBERLEY PERONDI
*Deputy Secretary for
Commercial Recordings*

STATE OF NEVADA



OFFICE OF THE
SECRETARY OF STATE

Commercial Recordings Division
202 N. Carson Street
Carson City, NV 89701
Telephone (775) 684-5708
Fax (775) 684-7138
North Las Vegas City Hall
2250 Las Vegas Blvd North, Suite 400
North Las Vegas, NV 89030
Telephone (702) 486-2880
Fax (702) 486-2888

Business Entity - Filing Acknowledgement

03/05/2020

Work Order Item Number: W2020030501287-451964
Filing Number: 20200525804
Filing Type: Initial List
Filing Date/Time: 3/5/2020 11:56:00 AM
Filing Page(s): 2

Indexed Entity Information:

Entity ID: E5257712020-9
Entity Name: AGI IP Co.
Entity Status: Active
Expiration Date: None

Commercial Registered Agent
PARACORP INCORPORATED
318 N CARSON ST #208, Carson City, NV 89701, USA

The attached document(s) were filed with the Nevada Secretary of State, Commercial Recording Division. The filing date and time have been affixed to each document, indicating the date and time of filing. A filing number is also affixed and can be used to reference this document in the future.

Respectfully,

A handwritten signature in black ink that reads "Barbara K. Cegavske".

BARBARA K. CEGAVSKE
Secretary of State



BARBARA K. CEGAVSKE
Secretary of State
202 North Carson Street
Carson City, Nevada 89701-4201
(775) 684-5708
Website: www.nvsos.gov
www.nvsilverflume.gov

Initial List and State Business License Application

Initial List of Officers, Managers, Members, General Partners, Managing Partners, or Trustees:

AGI IP Co.

NAME OF ENTITY

TYPE OR PRINT ONLY - USE DARK INK ONLY - DO NOT HIGHLIGHT

IMPORTANT: Read instructions before completing and returning this form.

Please indicate the entity type (check only one):

☒ Corporation

☐ This corporation is publicly traded, the Central Index Key number is:

☐ Nonprofit Corporation (see nonprofit sections below)

☐ Limited-Liability Company

☐ Limited Partnership

☐ Limited-Liability Partnership

☐ Limited-Liability Limited Partnership (if formed at the same time as the Limited Partnership)

☐ Business Trust

Additional Officers, Managers, Members, General Partners, Managing Partners, Trustees or Subscribers, may be listed on a supplemental page.

Filed in the Office of	Business Number
<i>Barbara K. Cegavske</i>	E5257712020-9
Secretary of State	Filing Number
State Of Nevada	20200525804
	Filed On
	3/5/2020 11:56:00 AM
	Number of Pages
	2

CHECK ONLY IF APPLICABLE

Pursuant to NRS Chapter 76, this entity is exempt from the business license fee.

☐ 001 - Governmental Entity

☐ 006 - NRS 680B.020 Insurance Co. provide license or certificate of authority number

For nonprofit entities formed under NRS Chapter 80: entities without 501(c) nonprofit designation are required to maintain a state business license, the fee is \$200.00. Those claiming an exemption under 501(c) designation must indicate by checking box below.

☐ Pursuant to NRS Chapter 76, this entity is a 501(c) nonprofit entity and is exempt from the business license fee.

Exemption code 002

For nonprofit entities formed under NRS Chapter 81: entities which are Unit-owners' association or Religious, charitable, fraternal or other organization that qualifies as a tax-exempt organization pursuant to 26 U.S.C. § 501(c) are excluded from the requirement to obtain a state business license. Please indicate below if this entity falls under one of these categories by marking the appropriate box. If the entity does not fall under either of these categories please submit \$200.00 for the state business license.

☐ Unit-owners' Association

☐ Religious, charitable, fraternal or other organization that qualifies as a tax-exempt organization pursuant to 26 U.S.C. § 501(c)

For nonprofit entities formed under NRS Chapter 82 and 80: Charitable Solicitation Information - check applicable box
Does the Organization intend to solicit charitable or tax deductible contributions?

☐ No - no additional form is required

☐ Yes - the "Charitable Solicitation Registration Statement" is required.

☐ The Organization claims exemption pursuant to NRS 82A.210 - the "Exemption From Charitable Solicitation Registration Statement" is required

**** Failure to include the required statement form will result in rejection of the filing and could result in late fees.****



BARBARA K. CEGAVSKE
Secretary of State
202 North Carson Street
Carson City, Nevada 89701-4201
(775) 684-5708
Website: www.nvsos.gov
www.nvsilverflume.gov

Initial List and State Business License Application - Continued

Officers, Managers, Members, General Partners, Managing Partners or Trustees:

CORPORATION, INDICATE THE <u>PRESIDENT</u> , OR EQUIVALENT OF: Title: President			
Ingo Mueller		Canada	
Name		Country	
1500 - 1055 West Georgia Street	Vancouver	Bc	V6E4N7
Address	City	State	Zip/Postal Code
CORPORATION, INDICATE THE <u>SECRETARY</u> , OR EQUIVALENT OF: Title: Secretary			
Ingo Mueller		Canada	
Name		Country	
1500 - 1055 West Georgia Street	Vancouver	Bc	V6E4N7
Address	City	State	Zip/Postal Code
CORPORATION, INDICATE THE <u>TREASURER</u> , OR EQUIVALENT OF: Title: Treasurer			
Richard Wong		Canada	
Name		Country	
1500 - 1055 West Georgia Street	Vancouver	Bc	V6E4N7
Address	City	State	Zip/Postal Code
CORPORATION, INDICATE THE <u>DIRECTOR</u> :			
Ingo Mueller		Canada	
Name		Country	
1500 - 1055 West Georgia Street	Vancouver	BC	V6E4N7
Address	City	State	Zip/Postal Code

None of the officers or directors identified in the list of officers has been identified with the fraudulent intent of concealing the identity of any person or persons exercising the power or authority of an officer or director in furtherance of any unlawful conduct.

I declare, to the best of my knowledge under penalty of perjury, that the information contained herein is correct and acknowledge that pursuant to NRS 239.330, it is a category C felony to knowingly offer any false or forged instrument for filing in the Office of the Secretary of State.

X

Signature of Officer, Manager, Managing
Member, General Partner, Managing Partner,
Trustee, Member, Owner of Business,
Partner or Authorized Signer

FORM WILL BE RETURNED IF
UNSIGNED.

PRESIDENT

Title

MARCH 4, 2020

Date

SECRETARY OF STATE



NEVADA STATE BUSINESS LICENSE

AGI IP Co.

Nevada Business Identification # NV20201733705

Expiration Date: 03/31/2021

In accordance with Title 7 of Nevada Revised Statutes, pursuant to proper application duly filed and payment of appropriate prescribed fees, the above named is hereby granted a Nevada State Business License for business activities conducted within the State of Nevada.

Valid until the expiration date listed unless suspended, revoked or cancelled in accordance with the provisions in Nevada Revised Statutes. License is not transferable and is not in lieu of any local business license, permit or registration.

License must be cancelled on or before its expiration date if business activity ceases. Failure to do so will result in late fees or penalties which, by law, cannot be waived.



Certificate Number: B20200305633621

You may verify this certificate
online at <http://www.nvsos.gov>

IN WITNESS WHEREOF, I have hereunto set my
hand and affixed the Great Seal of State, at my
office on 03/05/2020.

Barbara K. Cegavske

BARBARA K. CEGAVSKE
Secretary of State

AGI IP CO.

Incorporated under the Laws of the State of Nevada
March 5, 2020

BYLAWS

ARTICLE I

Offices

SECTION 1.01 Registered Office. The registered office of AGI IP CO. (hereinafter called the "Corporation") in the State of Nevada shall be at 318 N. Carson Street, Suite 208, Carson City, Nevada 89701, and the name of the registered agent at such location is Paracorp Incorporated.

SECTION 1.02 Other Offices. The Corporation may also have an office or offices at such other place or places, either within or without the State of Nevada, as the Board of Directors (hereinafter called the Board) may from time to time determine or as the business of the Corporation may require.

ARTICLE II

Meetings of Stockholders

SECTION 2.01 Annual Meetings. The annual meeting of stockholders shall be held each year on a date and at a time designated by the board of directors. In the absence of such designation, the annual meeting of stockholders shall be held on the second Tuesday of April in each year at 10:00 a.m. However, if such day falls on a legal holiday, then the meeting shall be held at the same time and place on the next succeeding full business day. At the meeting, directors shall be elected and any other proper business may be transacted.

SECTION 2.02 Special Meetings. A special meeting of the stockholders for the transaction of any proper business may be called at any time by the Board or by the President.

SECTION 2.03 Place of Meetings. All meetings of the stockholders shall be held at such places, within or without the State of Nevada, as may from time to time be designated by the person or persons calling the respective meeting and specified in the respective notices or waivers of notice thereof.

SECTION 2.04 Notice of Meetings. Except as otherwise required by law, and subject to the provisions of the Certificate of Incorporation, notice of each meeting of the stockholders, whether annual or special, shall be given not less than ten (10) nor more than sixty (60) days before the date of the meeting to each stockholder of record entitled to vote at such meeting by delivering a typewritten or printed notice thereof to each stockholder personally, or by depositing such notice in the United States mail, in a postage prepaid envelope, directed to the stockholder at the stockholder's post office address furnished by the stockholder to the Secretary of the Corporation for such purpose or, if the stockholder shall not have furnished to the Secretary an address for such purpose, then at the stockholder's post office address last known to the Secretary, or by transmitting a notice thereof to the stockholder at such address by telegraph, cable, or wireless. Except as otherwise expressly required by law, no publication of any notice of a meeting of the stockholders shall be required. Every notice of a meeting of the stockholders shall state the place, date and hour of the meeting, and, in the case of a special meeting, shall also state the purpose or purposes for which the meeting is called. Notice of any meeting of stockholders shall not be required to be given to any stockholder who shall have waived such notice and such notice shall be deemed waived by any stockholder who shall attend such meeting in person or by proxy, except as a stockholder who shall attend such meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Except as otherwise expressly required by law, notice of any adjourned meeting of the stockholders need not be given if the time and place thereof are announced at the meeting at which the adjournment is taken.

SECTION 2.05 Quorum. Except in the case of any meeting for the election of directors summarily ordered as provided by law, the holders of record of a majority in voting interest of the shares of stock of the Corporation entitled to be voted thereat, present in person or by proxy, shall constitute a quorum for the transaction of business at any meeting of the stockholders of the Corporation or any adjournment thereof. In the absence of a quorum at any meeting or any adjournment thereof, a majority in voting interest of the stockholders present in person or by proxy and entitled to vote thereat or, in the absence thereof of all the stockholders, any officer entitled to preside at, or to act as secretary of, such meeting may adjourn such meeting from time to time. At any such adjourned meeting at which a quorum is present any business may be transacted which might have been transacted at the meeting as originally called.

SECTION 2.06 Voting.

(a) Unless otherwise required by law or the Certificate of Incorporation, each stockholder shall, at each meeting of the stockholders, be entitled to vote in person or by proxy each share or fractional share of the stock of the Corporation having voting rights on the matter in question and which shall have been held by the stockholder and registered in the stockholder's name on the books of the Corporation:

(i) on the date fixed pursuant to Section 6.05 of these Bylaws as the record date for the determination of stockholders entitled to notice of and to vote at such meeting, or

(ii) if no such record date shall have been so fixed, then (a) at the close of business on the day next preceding the day on which notice of the meeting shall be given or (b) if notice of the meeting shall be waived, at the close of business on the day next preceding the day on which the meeting shall be held.

(b) Any such voting rights may be exercised by the stockholder entitled thereto in person or by proxy appointed by an instrument in writing, subscribed by such stockholder or by the stockholder's attorney thereunto authorized and delivered to the secretary of the meeting; provided, however, that no proxy shall be voted or acted upon after three years from its date unless said proxy shall provide for a longer period. The attendance at any meeting of a stockholder who may theretofore have given a proxy shall not have the effect of revoking the same unless the stockholder shall in writing so notify the secretary of the meeting prior to the voting of the proxy. At any meeting of the stockholders all matters, except as otherwise provided in the Certificate of Incorporation, in these Bylaws or by law, shall be decided by the vote of a majority in voting interest of the stockholders present in person or by proxy and entitled to vote thereat and thereon, a quorum being present. The vote at any meeting of the stockholders on any question need not be by ballot, unless so directed by the chairman of the meeting. On a vote by ballot each ballot shall be signed by the stockholder voting, or by the proxy, if there be such proxy, and it shall state the number of shares voted.

SECTION 2.07 List of Stockholders. The Secretary of the Corporation shall prepare and make, at least ten (10) days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten (10) days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

SECTION 2.08 Judges. If at any meeting of the stockholders a vote by written ballot shall be taken on any question, the chairman of such meeting may appoint a judge or judges to act with respect to such vote. Each judge so appointed shall first subscribe an oath faithfully to execute the duties of a judge at such meeting with strict impartiality and according to the best of their ability. Such judges shall decide upon the qualification of the voters and shall report the number of shares represented at the meeting and entitled to vote on such question, shall conduct and accept the votes, and, when the voting is completed, shall ascertain and report the number of shares voted respectively for and against the question. Reports of judges shall be in writing and subscribed and delivered by them to the Secretary of the Corporation. The judges need not be stockholders of the Corporation, and any officer of the Corporation may be a judge on any question other than a vote for or against a proposal in which the person shall have a material interest.

SECTION 2.09 Action Without Meeting. Any action required to be taken at any annual or special meeting of stockholders of the Corporation, or any action which may be taken at any annual or special meeting of such stockholders, may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing.

SECTION 2.10. Remote Communications. The Board of Directors may, in its sole discretion, determine that meetings of the shareholders shall not be held at any place, but may instead be held solely by means of remote communication as authorized by NRS Section 78.320(4). If the Board of Directors has authorized a meeting by remote communication, stockholders and proxyholders not physically present at a meeting of stockholders may, by means of remote communications:

- (a) Participate in a meeting of stockholders; and
- (b) Be deemed present in person and vote at a meeting of stockholders, whether such meeting is to be held at a designated place or solely by means of remote communication, provided that (i) the Corporation shall implement reasonable measures to verify that each person deemed present and permitted to vote at the meeting by means of remote communication is a stockholder or proxyholder, (ii) the Corporation shall implement reasonable measures to provide such stockholders and proxyholders a reasonable opportunity to participate in the meeting and to vote on matters submitted to the stockholders, including an opportunity to read or hear the proceedings of the meeting substantially concurrently with such proceedings, and (iii) if any stockholder or proxyholder votes or takes other action at the meeting by means of remote communication, a record of such vote or other action shall be maintained by the Corporation.

ARTICLE III

Board of Directors

SECTION 3.01 General Powers. The property, business and affairs of the Corporation shall be managed by the Board.

SECTION 3.02 Number and Term of Office. The number of directors shall be fixed by the Board of Directors from time to time. Directors need not be residents of Nevada or stockholders. Each of the directors of the Corporation shall hold office until the director's successor shall have been duly elected and shall qualify or until the director shall resign or shall have been removed in the manner hereinafter provided. This number may be changed by a duly adopted amendment to the Certificate of Incorporation or by an amendment to this bylaw duly adopted by the vote or written consent of the holders of a majority of the stock issued and outstanding and entitled to vote or by resolution of a majority of the board of directors, except as

may be otherwise specifically provided by statute or by the certificate of incorporation. No reduction of the authorized number of directors shall have the effect of removing any director before that director's term of office expires.

SECTION 3.03 Election of Directors. The directors shall be elected annually by the stockholders of the Corporation and the persons receiving the greatest number of votes, up to the number of directors to be elected, shall be the directors.

SECTION 3.04 Resignations. Any director of the Corporation may resign at any time by giving written notice to the Board or to the Secretary of the Corporation. Any such resignation shall take effect at the time specified therein, or, if the time be not specified, it shall take effect immediately upon its receipt; and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

SECTION 3.05 Vacancies. Except as otherwise provided in the Certificate of Incorporation, any vacancy in the Board, whether because of death, resignation, disqualification, an increase in the number of directors, or any other cause, may be filled by vote of the majority of the remaining directors, although less than a quorum. Each director so chosen to fill a vacancy shall hold office until the director's successor shall have been elected and shall qualify or until the director shall resign or shall have been removed in the manner hereinafter provided.

SECTION 3.06 Place of Meeting, Etc. The Board may hold any of its meetings at such place or places within or without the State of Nevada as the Board may from time to time by resolution designate or as shall be designated by the person or persons calling the meeting or in the notice or a waiver of notice of any such meeting. Directors may participate in any regular or special meeting of the Board by means of conference telephone or similar communications equipment pursuant to which all persons participating in the meeting of the Board can hear each other, and such participation shall constitute presence in person at such meeting.

SECTION 3.07 First Meeting. The Board shall meet as soon as practicable after each annual election of directors and notice of such first meeting shall not be required.

SECTION 3.08 Regular Meetings. Regular meetings of the Board may be held at such times as the Board shall from time to time by resolution determine. If any day fixed for a regular meeting shall be a legal holiday at the place where the meeting is to be held, then the meeting shall be held at the same hour and place on the next succeeding business day not a legal holiday. Except as provided by law, notice of regular meetings need not be given.

SECTION 3.09 Special Meetings. Special meetings of the Board shall be held whenever called by the President or a majority of the authorized number of directors. Except as otherwise provided by law or by these Bylaws, notice of the time and place of each such special meeting shall be mailed to each director, addressed to the directors at their residence or usual place of business, at least five (5) days before the day on which the meeting is to be held, or shall be sent to the director at such place by facsimile or electronic mail (if receipt is confirmed) or be delivered personally not less than forty-eight (48) hours before the time at which the meeting is to be held.

Except where otherwise required by law or by these Bylaws, notice of the purpose of a special meeting need not be given. Notice of any meeting of the Board shall not be required to be given to any director who is present at such meeting, except a director who shall attend such meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

SECTION 3.10 Quorum and Manner of Acting. Except as otherwise provided in these Bylaws or by law, the presence of a majority of the authorized number of directors shall be required to constitute a quorum for the transaction of business at any meeting of the Board, and all matters shall be decided at any such meeting, a quorum being present, by the affirmative votes of a majority of the directors present. In the absence of a quorum, a majority of directors present at any meeting may adjourn the same from time to time until a quorum shall be present. Notice of any adjourned meeting need not be given. The directors shall act only as a Board, and the individual directors shall have no power as such.

SECTION 3.11 Action by Consent. Any action required or permitted to be taken at any meeting of the Board or of any committee thereof may be taken without a meeting if a written consent thereto is signed by all members of the Board or of such committee, as the case may be, and such written consent is filed with the minutes of proceedings of the Board or committee.

SECTION 3.12 Removal of Directors. Subject to the provisions of the Certificate of Incorporation, any director may be removed at any time, either with or without cause, by the affirmative vote of the stockholders having a majority of the voting power of the Corporation given at a special meeting of the stockholders called for the purpose.

SECTION 3.13 Compensation. The directors shall receive only such compensation for their services as directors as may be allowed by resolution of the Board. The Board may also provide that the Corporation shall reimburse each such director for any expense incurred by the director on account of the director's attendance at any meetings of the Board or Committees of the Board. Neither the payment of such compensation nor the reimbursement of such expenses shall be construed to preclude any director from serving the Corporation or its subsidiaries in any other capacity and receiving compensation therefor.

SECTION 3.14 Committees. The Board may, by resolution passed by a majority of the whole Board, designate one or more committees, each committee to consist of one or more of the directors of the Corporation. Any such committee, to the extent provided in the resolution of the Board and except as otherwise limited by law, shall have and may exercise all the powers and authority of the Board in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it. Any such committee shall keep written minutes of its meetings and report the same to the Board at the next regular meeting of the Board. In the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not they constitute a quorum, may unanimously appoint another member of the Board to act at the meeting in the place of any such absent or disqualified member.

ARTICLE IV

Officers

SECTION 4.01 Number. The officers of the Corporation shall a president, a chief financial officer, and a secretary. The corporation may also have, at the discretion of the board of directors, a chairman of the board, one or more assistant vice presidents, assistant secretaries, and any such other officers as may be appointed in accordance with the provisions of these bylaws. Any number of offices may be held by the same person.

SECTION 4.02 Election, Term of Office and Qualifications. The officers of the Corporation, except such officers as may be appointed in accordance with Section 4.03, shall be elected annually by the Board at the first meeting thereof held after the election thereof. Each officer shall hold office until a successor shall have been duly chosen and shall qualify or until the officer's resignation or removal in the manner hereinafter provided.

SECTION 4.03 Assistants, Agents and Employees, Etc. In addition to the officers specified in Section 4.01, the Board may appoint other assistants, agents and employees as it may deem necessary or advisable, including one or more Assistant Secretaries, and one or more Assistant Chief Financial Officers, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may from time to time determine. The Board may delegate to any officer of the Corporation or any committee of the Board the power to appoint, remove and prescribe the duties of any such assistants, agents or employees.

SECTION 4.04 Removal. Any officer, assistant, agent or employee of the Corporation may be removed, with or without cause, at any time: (i) in the case of an officer, assistant, agent or employee appointed by the Board, only by resolution of the Board; and (ii) in the case of an officer, assistant, agent or employee, by any officer of the Corporation or committee of the Board upon whom or which such power of removal may be conferred by the Board.

SECTION 4.05 Resignations. Any officer or assistant may resign at any time by giving written notice of such resignation to the Board or the Secretary of the Corporation. Any such resignation shall take effect at the time specified therein, or, if the time be not specified, upon receipt thereof by the Board or the Secretary, as the case may be; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

SECTION 4.06 Vacancies. A vacancy in any office because of death, resignation, removal, disqualification, or other cause, may be filled for the unexpired portion of the term thereof in the manner prescribed in these Bylaws for regular appointments or elections to such office.

SECTION 4.07 The President. The President of the Corporation shall be the chief executive officer of the Corporation and shall have, subject to the control of the Board,

general and active supervision and management over the business of the Corporation and over its several officers, assistants, agents and employees.

SECTION 4.08 The Vice Presidents. Each Vice President shall have such powers and perform such duties as the Board may from time to time prescribe. At the request of the President, or in case of the President's absence or inability to act upon the request of the Board, a Vice President shall perform the duties of the President and when so acting, shall have all the powers of, and be subject to all the restrictions upon, the President.

SECTION 4.09 The Secretary. The Secretary shall, if present, record the proceedings of all meetings of the Board, of the stockholders, and of all committees of which a secretary shall not have been appointed in one or more books provided for that purpose; the Secretary shall see that all notices are duly given in accordance with these Bylaws and as required by law; the Secretary shall be custodian of the seal of the Corporation and shall affix and attest the seal to all documents to be executed on behalf of the Corporation under its seal; and, in general, shall perform all the duties incident to the office of Secretary and such other duties as may from time to time be assigned to the Secretary by the Board.

SECTION 4.10 The Chief Financial Officer. The Chief Financial Officer shall have the general care and custody of the funds and securities of the Corporation, and shall deposit all such funds in the name of the Corporation in such banks, trust companies or other depositories as shall be selected by the Board. The Chief Financial Officer shall receive, and give receipts for, moneys due and payable to the Corporation from any source whatsoever. The Chief Financial Officer shall exercise general supervision over expenditures and disbursements made by officers, agents and employees of the Corporation and the preparation of such records and reports in connection therewith as may be necessary or desirable. The Chief Financial Officer shall, in general, perform all other duties incident to the office of Chief Financial Officer and such other duties as from time to time may be assigned to the Chief Financial Officer by the Board.

SECTION 4.11 Compensation. The compensation of the officers of the Corporation shall be fixed from time to time by the Board. None of such officers shall be prevented from receiving such compensation by reason of the fact that such officer is also a director of the Corporation. Nothing contained herein shall preclude any officer from serving the Corporation, or any subsidiary corporation, in any other capacity and receiving such compensation by reason of the fact that such officer is also a director of the Corporation. Nothing contained herein shall preclude any officer from serving the Corporation, or any subsidiary corporation, in any other capacity and receiving proper compensation therefor.

ARTICLE V

Contracts, Checks, Drafts, Bank Accounts, Etc.

SECTION 5.01 Execution of Contracts. The Board, except as in these Bylaws otherwise provided, may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances; and unless so authorized by the Board or by these Bylaws, no officer, agent or employee shall have any power or authority to bind the Corporation by any contract or engagement or to pledge its credit or to render it liable for any purpose or in any amount.

SECTION 5.02 Checks, Drafts, Etc. All checks, drafts or other orders for payment of money, notes or other evidence of indebtedness, issued in the name of or payable to the Corporation, shall be signed or endorsed by such person or persons and in such manner as, from time to time, shall be determined by resolution of the Board. Each such officer, assistant, agent or attorney shall give such bond, if any, as the Board may require.

SECTION 5.03 Deposits. All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories as the Board may select, or as may be selected by any officer or officers, assistant or assistants, agent or agents, or attorney or attorneys of the Corporation to whom such power shall have been delegated by the Board. For the purpose of deposit and for the purpose of collection for the account of the Corporation, the President, any Vice President or the Chief Financial Officer (or any other officer or officers, assistant or assistants, agent or agents, or attorney or attorneys of the Corporation who shall from time to time be determined by the Board) may endorse, assign and deliver checks, drafts and other orders for the payment of money which are payable to the order of the Corporation.

SECTION 5.04 General and Special Bank Accounts. The Board may from time to time authorize the opening and keeping of general and special bank accounts with such banks, trust companies or other depositories as the Board may select or as may be selected by any officer or officers, assistant or assistants, agent or agents, or attorney or attorneys of the Corporation to whom such power shall have been delegated by the Board. The Board may make such special rules and regulations with respect to such bank accounts, not inconsistent with the provisions of these Bylaws, as it may deem expedient.

ARTICLE VI

Shares and Their Transfer

SECTION 6.01 Certificates for Stock; Uncertificated Stock. Shares of stock of the Corporation may be certificated or uncertificated, as provided under the Nevada Revised Statutes ("NRS"), Chapter 78. In the sole discretion of the Corporation, the Corporation may

choose to provide the owners of stock of the Corporation with a certificate or certificates, to be in such form as the Board shall prescribe, certifying the number and class of shares of the stock of the Corporation owned by the stockholder. The certificates representing shares of such stock shall be numbered in the order in which they shall be issued and shall be signed in the name of the Corporation by the President or a Vice President, and by the Secretary or an Assistant Secretary or by the Chief Financial Officer or an Assistant Chief Financial Officer. Any of or all of the signatures on the certificates may be a facsimile. In case any officer, transfer agent or registrar who has signed, or whose facsimile signature has been placed upon, any such certificate, shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, such certificate may nevertheless be issued by the Corporation with the same effect as though the person who signed such certificate, or whose facsimile signature shall have been placed thereupon, were such officer, transfer agent or registrar at the date of issue. A record shall be kept of the respective names of the persons, firms or corporations owning the stock of the Corporation, the number and class of shares held by such persons, firms, or corporation, and the respective dates of issuance, and in case of cancellation, the respective dates of cancellation. Every share of stock surrendered to the Corporation for exchange or transfer shall be canceled and neither a new certificate or certificates nor uncertificated shares of stock shall be issued in exchange thereof until such stock shall have been so canceled, except in cases provided for in Section 6.04.

SECTION 6.02 Transfers of Stock. Transfers of shares of stock of the Corporation shall be made only on the books of the Corporation by the registered holder thereof, or by the registered holder's attorney thereunto authorized by power of attorney duly executed and filed with the Secretary, or with a transfer clerk or a transfer agent appointed as provided in Section 6.03, and upon payment of all taxes thereon and, in the case of certificated shares, surrender of the certificate or certificates for such shares properly endorsed or, in the case of uncertificated shares of stock, compliance with appropriate procedures for transferring shares in uncertificated form. The person in whose name shares of stock stand on the books of the Corporation shall be deemed the owner thereof for all purposes as regards the Corporation. Whenever any transfer of shares shall be made for collateral security, and not absolutely, such fact shall be so expressed in the entry of transfer if, when the certificate or certificates shall be presented to the Corporation for transfer, both the transferor and the transferee request the Corporation to do so.

SECTION 6.03 Regulations. The Board may make such rules and regulations as it may deem expedient, not inconsistent with these Bylaws, concerning the issue, transfer and registration of shares of the stock of the Corporation. It may appoint, or authorize any officer or officers to appoint, one or more transfer clerks or one or more transfer agents and one or more registrars, and may require all certificates for stock to bear the signature or signatures of any of them.

SECTION 6.04 Lost, Stolen, Destroyed, and Mutilated Certificates. In any case of loss, theft, destruction, or mutilation of any certificate of stock, another may be issued in its place, or uncertificated shares of stock may be issued, upon proof of such loss, theft, destruction, or mutilation and upon the giving of a bond of indemnity to the Corporation in such form and in such sum as the Board may direct; provided, however, that a new certificate or uncertificated stock

may be issued without requiring any bond when, in the judgment of the Board, it is proper so to do.

SECTION 6.05 Fixing Date for Determination of Stockholders of Record.

Subject to the provisions of the Certificate of Incorporation, in order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any other change, conversion or exchange of stock or for the purpose of any other lawful action, the Board may fix, in advance, a record date, which shall not be more than 60 nor less than 10 days before the date of such meeting, nor more than 60 days prior to any other action. If in any case involving the determination of stockholders for any purpose other than notice of or voting at a meeting of stockholders or expressing consent to corporate action without a meeting the Board shall not fix such a record date, the record date for determining stockholders for such purpose shall be the close of business on the day on which the Board shall adopt the resolution relating thereto. A determination of stockholders entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of such meeting; provided, however, that the Board may fix a new record date for the adjourned meeting.

SECTION 6.06 Right of First Refusal.

No stockholder shall sell, transfer, assign, pledge, or otherwise dispose of or encumber any shares of common stock of the corporation or any right or interest therein, whether voluntarily or by operation of law, or by gift or otherwise (each, a "Transfer"), except by a transfer which meets the requirements set forth in this Section 6.06:

(a) If the stockholder desires to transfer any shares of stock, then the stockholder shall first give written notice thereof to the corporation. The notice shall name the proposed transferee and state the number of shares to be transferred, the proposed consideration, and all other terms and conditions of the proposed transfer.

(b) For thirty (30) days following receipt of such notice, the corporation shall have the option to purchase all (but not less than all) of the shares specified in the notice at the price and upon the terms set forth in such notice; provided, however, that, with the consent of the stockholder, the corporation shall have the option to purchase a lesser portion of the shares specified in said notice at the price and upon the terms set forth therein. In the event of a gift, property settlement or other Transfer in which the proposed transferee is not paying the full price for the shares, and that is not otherwise exempted from the provisions of this Section 6.06, the price shall be deemed to be the fair market value of the stock at such time as determined in good faith by the Board of Directors. In the event the corporation elects to purchase all of the shares or, with consent of the stockholder, a lesser portion of the shares, it shall give written notice to the transferring stockholder of its election and settlement for said shares shall be made as provided below in paragraph (d).

(c) The corporation may assign its rights hereunder.

(d) In the event the corporation and/or its assignee(s) elect to acquire any of the shares of stock of the transferring stockholder as specified in said transferring stockholder's notice, the Secretary of the corporation shall so notify the transferring stockholder and settlement thereof shall be made in cash within thirty (30) days after the Secretary of the corporation receives said transferring stockholder's notice; provided that if the terms of payment set forth in said transferring stockholder's notice were other than cash against delivery, the corporation and/or its assignee(s) shall pay for said shares on the same terms and conditions set forth in said transferring stockholder's notice.

(e) In the event the corporation and/or its assignees(s) do not elect to acquire all of the shares specified in the transferring stockholder's notice, said transferring stockholder may, within the sixty-day period following the expiration or waiver of the option rights granted to the corporation and/or its assignees(s) herein, transfer the shares specified in said transferring stockholder's notice which were not acquired by the corporation and/or its assignees(s) as specified in said transferring stockholder's notice. All shares so sold by said transferring stockholder shall continue to be subject to the provisions of this bylaw in the same manner as before said transfer.

(f) Anything to the contrary contained herein notwithstanding, the following transactions shall be exempt from the provisions of this bylaw:

(1) A stockholder's transfer of any or all shares held either during such stockholder's lifetime or on death by will or intestacy to (A) such stockholder's immediate family, (B) any custodian or trustee for the account of such stockholder or such stockholder's immediate family or (C) any trust, partnership or other entity of which such stockholder, members of such stockholder's immediate family or any trust for the account of such stockholder or such stockholder's immediate family are the sole stockholders, members, partners, beneficiaries or other equity holders. The term "immediate family" as used herein shall mean spouse, domestic partner, lineal descendant or antecedent, father, mother, brother, sister or stepchild (whether or not adopted) of the stockholder making such Transfer.

(2) A stockholder's transfer of any or all of such stockholder's shares to the corporation or to any other stockholder of the corporation.

(3) A transfer by a stockholder that is a trust, partnership or entity to its stockholders, members, partners, beneficiaries or other equity holders.

In any such case, the transferee, assignee, or other recipient shall receive and hold such stock subject to the provisions of this Sections 6.06, and there shall be no further transfer of such shares of common stock except in accord with such bylaws.

(g) The provisions of this bylaw may be waived with respect to any transfer either by the corporation, upon duly authorized action of its Board of Directors, or by the stockholders, upon the express written consent of the owners of a majority of the voting power of the corporation (excluding the votes represented by those shares to be transferred by the

transferring stockholder). This bylaw may be amended or repealed either by a duly authorized action of the Board of Directors or by the stockholders, upon the express written consent of the owners of a majority of the voting power of the corporation.

(h) Any transfer, or purported transfer, of securities of the corporation shall be null and void unless the terms, conditions, and provisions of this bylaw are strictly observed and followed.

(i) The foregoing right of first refusal shall terminate on the date securities of the corporation are first offered to the public pursuant to a registration statement filed with, and declared effective by, the SEC under the Securities Act of 1933, as amended.

(j) The certificates representing shares of stock shall bear on their face the following legend so long as the foregoing right of first refusal remains in effect:

“THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO A RIGHT OF FIRST REFUSAL OPTION IN FAVOR OF THE CORPORATION AND/OR ITS ASSIGNEE(S), AS PROVIDED IN THE BYLAWS OF THE CORPORATION.”

(k) The provisions of this Section 6.06 shall not apply to any transfer of shares of preferred stock of the corporation or the shares of stock issued or issuable upon conversion thereof.

(l) To the extent this Section 6.06 conflicts with any written agreement between the Company and the stockholder attempting to transfer shares, such agreement shall control.

ARTICLE VII

Indemnification

SECTION 7.01 Action, Etc. Other Than by or in the Right of the Corporation. The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that the person is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by the person in connection with such action, suit or proceeding if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the Corporation, and with respect to any criminal action or proceeding, had no reasonable cause to believe their conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in

good faith and in a manner which the person reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, that the person had reasonable cause to believe that their conduct was unlawful.

SECTION 7.02 Actions, Etc., by or in the Right of the Corporation. The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that the person is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by the person in connection with the defense or settlement of such action or suit if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the Corporation, except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of the person's duty to the Corporation unless and only to the extent that the Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

SECTION 7.03 Determination of Right of Indemnification. Any indemnification under Section 7.01 or 7.02 (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the director, officer, employee or agent is proper in the circumstances because the person has met the applicable standard of conduct set forth in Section 7.01 and 7.02. Such determination shall be made (i) by the Board by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (ii) if such a quorum is not obtainable, or, even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or (iii) by the stockholders. For purposes of any determination under this Article VII, a person shall be deemed to have acted in good faith and in a manner they reasonably believed to be in or not opposed to the best interests of the Corporation, or, with respect to any criminal action or proceeding, to have had no reasonable cause to believe their conduct was unlawful, if their action is based on the records or books of account of the Corporation or another enterprise, or on information supplied to them by the officers of the Corporation or another enterprise in the course of their duties, or on the advice of legal counsel for the Corporation or another enterprise or on information or records given or reports made to the Corporation or another enterprise by an independent certified public accountant or by an appraiser or other expert selected with reasonable care by the Corporation or another enterprise. The term "another enterprise" as used in this Section 7.03 shall mean any other corporation or any partnership, joint venture, trust, employee benefit plan or other enterprise of which such person is or was serving at the request of the Corporation as a director, officer, employee or agent. The provisions of this Section 7.03 shall not be deemed to be exclusive or to limit in any way the circumstances in which a person may be deemed to have met the applicable standard of conduct set forth in Sections 7.01 or 7.02 of this Article VII, as the case may be.

SECTION 7.04 Indemnification Against Expenses of Successful Party. Notwithstanding the other provisions of this Article, to the extent that a director, officer, employee or agent of the Corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Section 7.01 or 7.02, or in defense of any claim, issue or matter therein, the person shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by the person in connection therewith.

SECTION 7.05 Prepaid Expenses. Expenses incurred by an officer or director in defending a civil or criminal action, suit or proceeding may be paid by the Corporation in advance of the final disposition of such action, suit or proceeding as authorized by the Board in the specific case upon receipt of an undertaking by or on behalf of the director or officer to repay such amount unless it shall ultimately be determined that the officer or director is entitled to be indemnified by the Corporation as authorized in this Article. Such expenses incurred by other employees and agents may be so paid upon such terms and conditions, if any, as the Board deems appropriate.

SECTION 7.06 Other Rights and Remedies. The indemnification provided by this Article shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any Bylaws, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in the person's official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

SECTION 7.07 Insurance. Upon resolution passed by the Board, the Corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against the person and incurred by such person in any such capacity, or arising out of the person's status as such, whether or not the Corporation would have the power to indemnify the person against such liability under the provisions of this Article.

SECTION 7.08 Constituent Corporations. For the purposes of this Article, references to "the Corporation" include all constituent corporations absorbed in a consolidation or merger as well as the resulting or surviving corporation, so that any person who is or was a director, officer, employee or agent of such a constituent corporation or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise shall stand in the same position under the provisions of this Article with respect to the resulting or surviving corporation as the person would if they had served the resulting or surviving corporation in the same capacity.

SECTION 7.09 Other Enterprises, Fines, and Serving at Corporation's Request. For purposes of this Article, references to "other enterprises" shall include employee benefit plans; references to "fines" shall include any excise taxes assessed on a person with respect

to any employee benefit plan; and references to "serving at the request of the Corporation" shall include any service as a director, officer, employee or agent of the corporation which imposes duties on, or involves services by, such director, officer, employee, or agent with respect to an employee benefit plan, its participants, or beneficiaries; and a person who acted in good faith and in a manner the person reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the Corporation" as referred to in this Article.

ARTICLE VIII

Miscellaneous

SECTION 8.01 Seal. The Board may provide a corporate seal, which shall be in the form of a circle and shall bear the name of the Corporation and words and figures showing that the Corporation was incorporated in the State of Nevada and the year of incorporation.

SECTION 8.02 Waiver of Notices. Whenever notice is required to be given by these Bylaws or the Certificate of Incorporation or by law, the person entitled to said notice may waive such notice in writing, either before or after the time stated therein, and such waiver shall be deemed equivalent to notice.

SECTION 8.03 Amendments. Except as otherwise provided herein and subject to the provisions of the Certificate of Incorporation, these Bylaws, or any of them, may be altered, amended or repealed, and new Bylaws may be made, (i) by the Board, by vote of a majority of the number of directors then in office as directors, acting at any meeting of the Board, or (ii) by the stockholders, at any annual meeting of stockholders, without previous notice, or at any special meeting of stockholders, provided that notice of such proposed amendment, modification, repeal or adoption is given in the notice of special meeting. Any Bylaws made or altered by the stockholders may be altered or repealed by either the Board or the stockholders.

[END OF BYLAWS]

CERTIFICATE OF SECRETARY

I, the undersigned, do hereby certify:

1. That I am the duly elected and acting Secretary of AGI IP CO., a Nevada corporation; and
2. That the foregoing bylaws, comprising sixteen (16) pages, not including this page, constitute the bylaws of said Corporation as duly adopted by action of the directors of the Corporation duly taken on March 6, 2020.

IN WITNESS WHEREOF, I have executed this Certificate as Secretary of the Corporation as of March 6, 2020.

Ingo Mueller, Secretary

STATE OF NEVADA

BARBARA K. CEGAVSKE
Secretary of State

KIMBERLEY PERONDI
Deputy Secretary
for Commercial Recordings

**Commercial Recordings Division**

202 N. Carson Street
Carson City, NV 89701-4201
Telephone (775) 684-5708
Fax (775) 684-7138

OFFICE OF THE
SECRETARY OF STATE

Certified Copy

July 12, 2019

Job Number: C20190712-0427
Reference Number: 00011380042-79
Expedite:
Through Date:

The undersigned filing officer hereby certifies that the attached copies are true and exact copies of all requested statements and related subsequent documentation filed with the Secretary of State's Office, Commercial Recordings Division listed on the attached report.

Document Number(s)	Description	Number of Pages
20190296277-95	Articles of Incorporation	3 Pages/1 Copies



Respectfully,

Barbara K. Cegavske
Secretary of State

Certified By: Amy Brewer
Certificate Number: C20190712-0427

Commercial Recording Division

202 N. Carson Street
Carson City, Nevada 89701-4201
Telephone (775) 684-5708
Fax (775) 684-7138



BARBARA K. CEGAVSKE
Secretary of State
202 North Carson Street
Carson City, Nevada 89701-4201
(775) 684-5708
Website: www.nvsos.gov



040105

Articles of Incorporation

(PURSUANT TO NRS CHAPTER 78)

Filed in the office of <i>Barbara K. Cegavske</i> Barbara K. Cegavske Secretary of State State of Nevada	Document Number 20190296277-95 Filing Date and Time 07/09/2019 9:01 AM Entity Number E0318512019-9
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USE BLACK INK ONLY - DO NOT HIGHLIGHT

ABOVE SPACE IS FOR OFFICE USE ONLY

1. Name of Corporation:	West Pender Management Co.		
2. Registered Agent for Service of Process: (check only one box)	<input checked="" type="checkbox"/> Commercial Registered Agent: Paracorp Incorporated Name <input type="checkbox"/> Noncommercial Registered Agent (name and address below) OR <input type="checkbox"/> Office or Position with Entity (name and address below) Name of Noncommercial Registered Agent OR Name of Title of Office or Other Position with Entity Street Address City State Zip Code Mailing Address (if different from street address) City State Zip Code		
3. Authorized Stock: (number of shares corporation is authorized to issue)	Number of shares with par value: 10,000,000	Par value per share: \$ 0.001	Number of shares without par value: None
4. Names and Addresses of the Board of Directors/ Trustees: (each Director/Trustee must be a natural person at least 18 years of age; attach additional page if more than two directors/trustees)	1) Ingo Mueller Name 1500 West Georgia Street Street Address Vancouver, Canada BC V53 4N7 City State Zip Code 2) Name Street Address City State Zip Code		
5. Purpose: (optional; required only if Benefit Corporation status selected)	The purpose of the corporation shall be:		6. Benefit Corporation: (see instructions) <input type="checkbox"/> Yes
7. Name, Address and Signature of Incorporator: (attach additional page if more than one incorporator)	I declare, to the best of my knowledge under penalty of perjury, that the information contained herein is correct and acknowledge that pursuant to NRS 239.330, it is a category C felony to knowingly offer any false or forged instrument for filing in the Office of the Secretary of State. Olman Valverde Name 500 S. Grand Avenue, 18th Floor Address Los Angeles CA 90071 City State Zip Code X <i>Olman Valverde</i> Incorporator Signature		
8. Certificate of Acceptance of Appointment of Registered Agent:	I hereby accept appointment as Registered Agent for the above named Entity. If the registered agent is unable to sign the Articles of Incorporation, submit a separate signed Registered Agent Acceptance form. X <i>[Signature]</i> for Paracorp Incorporated Authorized Signature of Registered Agent or On Behalf of Registered Agent Entity 07/09/2019 Date		

This form must be accompanied by appropriate fees.

Nevada Secretary of State NRS 78 Articles
Revised: 9-26-17

**STATE OF NEVADA
ARTICLES OF INCORPORATION
WEST PENDER MANAGEMENT CO.**

(Attachment)

ARTICLE NINE

The governing board of this Corporation shall be known as directors, and the number of directors may from time to time be increased or decreased in such manner as shall be provided by the bylaws of this Corporation.

ARTICLE TEN

A. The Corporation may maintain offices at such other places within or outside the State of Nevada as it may from time to time determine. Corporate business of every kind and nature may be conducted, and meetings of directors and stockholders may be held outside the State of Nevada with the same effect as if in the State of Nevada.

B. In furtherance and not in limitation of the powers conferred by statute, the directors are expressly authorized to make, alter, amend, or repeal the bylaws of the Corporation.

C. Election of directors need not be by written ballot unless the bylaws so provide.

D. The books of the Corporation may be kept outside the State of Nevada at such place or places as may be designated from time to time by the directors or in the bylaws.

ARTICLE ELEVEN

A. A director or officer of the Corporation shall not be personally liable to the Corporation or its stockholders for damages for breach of fiduciary duty as a director or officer, but this Article shall not eliminate or limit the liability of a director or officer for (i) acts or omissions which involve intentional misconduct, fraud or a knowing violation of law or (ii) the unlawful payment of distributions. Any repeal or modification of this Article by the stockholders of the Corporation shall be prospective only, and shall not adversely affect any limitation on the personal liability of a director or officer of the Corporation for acts or omissions prior to such repeal or modification.

B. Every person who was or is a party or is threatened to be made a party to or is involved in any action, suit or proceedings, whether civil, criminal, administrative or investigative, by reason of the fact that he is or was a director or officer of the corporation, shall be indemnified and held harmless to the fullest extent legally permissible under the law of the State of Nevada from time to time against all expenses, liability and loss (including attorney's fees, judgments, fines and amounts paid or to be paid in settlement) reasonably incurred or suffered by him in connection therewith. Such right of indemnification shall be a contract right that may be enforced in any

manner desired by such person. Such right of indemnification shall not be exclusive of any other right which such directors, officers or representatives may have or hereafter acquire and, without limiting the generality of such statement, they shall be entitled to their respective rights of indemnification under any Bylaw, agreement, vote of stockholders, provision of law or otherwise, as well as their rights under this Article. Without limiting the application of the foregoing, the board of directors may adopt Bylaws from time to time with respect to indemnification to provide at all times the fullest indemnification permitted by the law of the State of Nevada and may cause the corporation to purchase and maintain insurance on behalf of any person who is or was a director or officer of the corporation as a director or officer of another corporation, or as its representative in a partnership, joint venture, trust or other enterprise against any liability asserted against such person and incurred in any such capacity or arising out of such status, whether or not the corporation would have the power to indemnify such person.

C. Neither any amendment nor repeal of this Article, nor the adoption of any provision of this Corporation's Certificate of Incorporation inconsistent with this Article, shall eliminate or reduce the effect of this Article Eight in respect of any matter occurring, or any action or proceeding accruing or arising or that, but for this Article, would accrue or arise, prior to such amendment, repeal, or adoption of an inconsistent provision.

ARTICLE TWELVE

The Corporation reserves the right to amend, alter, change, or repeal any provision contained in the Articles of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation.

[END OF ARTICLES OF INCORPORATION]

SECRETARY OF STATE



CORPORATE CHARTER

I, Barbara K. Cegavske, the duly elected and qualified Nevada Secretary of State, do hereby certify that **WEST PENDER MANAGEMENT CO.**, did on July 9, 2019, file in this office the original Articles of Incorporation; that said Articles of Incorporation is now on file and of record in the office of the Secretary of State of the State of Nevada, and further, that said Articles contain all the provisions required by the law of said State of Nevada.



Certified By: Amy Brewer
Certificate Number: C20190712-0427

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the Great Seal of State, at my office on July 12, 2019.

Barbara K. Cegavske

Barbara K. Cegavske
Secretary of State

**(PROFIT) INITIAL/ANNUAL LIST OF OFFICERS, DIRECTORS AND STATE BUSINESS
LICENSE APPLICATION OF:**

ENTITY NUMBER

West Pender Management Co.
NAME OF CORPORATION

FOR THE FILING PERIOD OF 7/9/2019 TO 7/31/2020



100103

USE BLACK INK ONLY - DO NOT HIGHLIGHT

- ☒ Return one file stamped copy. (If filing not accompanied by order instructions, file stamped copy will be sent to registered agent.)

IMPORTANT: Read instructions before completing and returning this form.

- Print or type names and addresses, either residence or business, for all officers and directors. A President, Secretary, Treasurer, or equivalent of and all Directors must be named. There must be at least one director. An Officer must sign the form. **FORM WILL BE RETURNED IF UNSIGNED.**
- If there are additional officers, attach a list of them to this form.
- Return the completed form with the filing fee. Annual list fee is based upon the current total authorized stock as explained in the Annual List Fee Schedule For Profit Corporations. A \$75.00 penalty must be added for failure to file this form by the deadline. An annual list received more than 90 days before its due date shall be deemed an amended list for the previous year.
- State business license fee is \$500.00/\$200.00 for Professional Corporations filed pursuant to NRS Chapter 89. Effective 2/1/2010, \$100.00 must be added for failure to file form by deadline.
- Make your check payable to the Secretary of State.
- Ordering Copies:** If requested above, one file stamped copy will be returned at no additional charge. To receive a certified copy, enclose an additional \$30.00 per certification. A copy fee of \$2.00 per page is required for each additional copy generated when ordering 2 or more file stamped or certified copies. Appropriate instructions must accompany your order.
- Return the completed form to: Secretary of State, 202 North Carson Street, Carson City, Nevada 89701-4201, (775) 684-5708.
- Form must be in the possession of the Secretary of State on or before the last day of the month in which it is due. (Postmark date is not accepted as receipt date.) Forms received after due date will be returned for additional fees and penalties. Failure to include annual list and business license fees will result in rejection of filing.

ABOVE SPACE IS FOR OFFICE USE ONLY

Filed in the office of <i>Barbara K. Cegavske</i> Barbara K. Cegavske Secretary of State State of Nevada	Document Number 20190296278-06 Filing Date and Time 07/09/2019 9:01 AM Entity Number E0318512019-9
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CHECK ONLY IF APPLICABLE AND ENTER EXEMPTION CODE IN BOX BELOW

- ☐ Pursuant to NRS Chapter 76, this entity is exempt from the business license fee. Exemption code: **NRS 76.020 Exemption Codes**
NOTE: If claiming an exemption, a notarized Declaration of Eligibility form must be attached. Failure to attach the Declaration of Eligibility form will result in rejection, which could result in late fees.
☐ This corporation is a publicly traded corporation. The Central Index Key number is:
☐ This publicly traded corporation is not required to have a Central Index Key number.

001 - Governmental Entity
006 - NRS 680B.020 Insurance Co.

NAME Ingo Mueller	TITLE(S) PRESIDENT (OR EQUIVALENT OF)
ADDRESS 1500 West Georgia Street	CITY Vancouver, Canada
	STATE BC
	ZIP CODE V63 4N7
NAME Ingo Mueller	TITLE(S) SECRETARY (OR EQUIVALENT OF)
ADDRESS 1500 West Georgia Street	CITY Vancouver, Canada
	STATE BC
	ZIP CODE V63 4N7
NAME Richard Wong	TITLE(S) TREASURER (OR EQUIVALENT OF)
ADDRESS 1500 West Georgia Street	CITY Vancouver, Canada
	STATE BC
	ZIP CODE V63 4N7
NAME Ingo Mueller	TITLE(S) DIRECTOR
ADDRESS 1500 West Georgia Street	CITY Vancouver, Canada
	STATE BC
	ZIP CODE V63 4N7

None of the officers or directors identified in the list of officers has been identified with the fraudulent intent of concealing the identity of any person or persons exercising the power or authority of an officer or director in furtherance of any unlawful conduct.

I declare, to the best of my knowledge under penalty of perjury, that the information contained herein is correct and acknowledge that pursuant to NRS 239.330, it is a category C felony to knowingly offer any false or forged instrument for filing in the Office of the Secretary of State.

X *Olivia Vehle*
Signature of Officer or
Other Authorized Signature

Title
Attorney

Date
07/09/2019

Nevada Secretary of State List Profit
Form: 100103 Revised: 11-7-17

SECRETARY OF STATE



NEVADA STATE BUSINESS LICENSE

WEST PENDER MANAGEMENT CO.
Nevada Business Identification # NV20191509602

Expiration Date: July 31, 2020

In accordance with Title 7 of Nevada Revised Statutes, pursuant to proper application duly filed and payment of appropriate prescribed fees, the above named is hereby granted a Nevada State Business License for business activities conducted within the State of Nevada.

Valid until the expiration date listed unless suspended, revoked or cancelled in accordance with the provisions in Nevada Revised Statutes. License is not transferable and is not in lieu of any local business license, permit or registration.



IN WITNESS WHEREOF, I have hereunto
set my hand and affixed the Great Seal of State,
at my office on July 12, 2019

Barbara K. Cegavske

Barbara K. Cegavske
Secretary of State

You may verify this license at www.nvsos.gov under the Nevada Business Search.

**License must be cancelled on or before its expiration date if business activity ceases.
Failure to do so will result in late fees or penalties which by law cannot be waived.**

WEST PENDER MANAGEMENT CO.

Incorporated under the Laws of the State of Nevada
July 9, 2019

BYLAWS

ARTICLE I

Offices

SECTION 1.01 Registered Office. The registered office of WEST PENDER MANAGEMENT CO. (hereinafter called the "Corporation") in the State of Nevada shall be at 318 N. Carson Street, Suite 208, Carson City, Nevada 89701, and the name of the registered agent at such location is Parasec.

SECTION 1.02 Other Offices. The Corporation may also have an office or offices at such other place or places, either within or without the State of Nevada, as the Board of Directors (hereinafter called the Board) may from time to time determine or as the business of the Corporation may require.

ARTICLE II

Meetings of Stockholders

SECTION 2.01 Annual Meetings. The annual meeting of stockholders shall be held each year on a date and at a time designated by the board of directors. In the absence of such designation, the annual meeting of stockholders shall be held on the second Tuesday of April in each year at 10:00 a.m. However, if such day falls on a legal holiday, then the meeting shall be held at the same time and place on the next succeeding full business day. At the meeting, directors shall be elected and any other proper business may be transacted.

SECTION 2.02 Special Meetings. A special meeting of the stockholders for the transaction of any proper business may be called at any time by the Board or by the President.

SECTION 2.03 Place of Meetings. All meetings of the stockholders shall be held at such places, within or without the State of Nevada, as may from time to time be designated by the person or persons calling the respective meeting and specified in the respective notices or waivers of notice thereof.

SECTION 2.04 Notice of Meetings. Except as otherwise required by law, and subject to the provisions of the Certificate of Incorporation, notice of each meeting of the stockholders, whether annual or special, shall be given not less than ten (10) nor more than sixty (60) days before the date of the meeting to each stockholder of record entitled to vote at such meeting by delivering a typewritten or printed notice thereof to each stockholder personally, or by depositing such notice in the United States mail, in a postage prepaid envelope, directed to the stockholder at the stockholder's post office address furnished by the stockholder to the Secretary of the Corporation for such purpose or, if the stockholder shall not have furnished to the Secretary an address for such purpose, then at the stockholder's post office address last known to the Secretary, or by transmitting a notice thereof to the stockholder at such address by telegraph, cable, or wireless. Except as otherwise expressly required by law, no publication of any notice of a meeting of the stockholders shall be required. Every notice of a meeting of the stockholders shall state the place, date and hour of the meeting, and, in the case of a special meeting, shall also state the purpose or purposes for which the meeting is called. Notice of any meeting of stockholders shall not be required to be given to any stockholder who shall have waived such notice and such notice shall be deemed waived by any stockholder who shall attend such meeting in person or by proxy, except as a stockholder who shall attend such meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Except as otherwise expressly required by law, notice of any adjourned meeting of the stockholders need not be given if the time and place thereof are announced at the meeting at which the adjournment is taken.

SECTION 2.05 Quorum. Except in the case of any meeting for the election of directors summarily ordered as provided by law, the holders of record of a majority in voting interest of the shares of stock of the Corporation entitled to be voted thereat, present in person or by proxy, shall constitute a quorum for the transaction of business at any meeting of the stockholders of the Corporation or any adjournment thereof. In the absence of a quorum at any meeting or any adjournment thereof, a majority in voting interest of the stockholders present in person or by proxy and entitled to vote thereat or, in the absence thereof of all the stockholders, any officer entitled to preside at, or to act as secretary of, such meeting may adjourn such meeting from time to time. At any such adjourned meeting at which a quorum is present any business may be transacted which might have been transacted at the meeting as originally called.

SECTION 2.06 Voting.

(a) Unless otherwise required by law or the Certificate of Incorporation, each stockholder shall, at each meeting of the stockholders, be entitled to vote in person or by proxy each share or fractional share of the stock of the Corporation having voting rights on the matter in question and which shall have been held by the stockholder and registered in the stockholder's name on the books of the Corporation:

(i) on the date fixed pursuant to Section 6.05 of these Bylaws as the record date for the determination of stockholders entitled to notice of and to vote at such meeting, or

(ii) if no such record date shall have been so fixed, then (a) at the close of business on the day next preceding the day on which notice of the meeting shall be given or (b) if notice of the meeting shall be waived, at the close of business on the day next preceding the day on which the meeting shall be held.

(b) Any such voting rights may be exercised by the stockholder entitled thereto in person or by proxy appointed by an instrument in writing, subscribed by such stockholder or by the stockholder's attorney thereunto authorized and delivered to the secretary of the meeting; provided, however, that no proxy shall be voted or acted upon after three years from its date unless said proxy shall provide for a longer period. The attendance at any meeting of a stockholder who may theretofore have given a proxy shall not have the effect of revoking the same unless the stockholder shall in writing so notify the secretary of the meeting prior to the voting of the proxy. At any meeting of the stockholders all matters, except as otherwise provided in the Certificate of Incorporation, in these Bylaws or by law, shall be decided by the vote of a majority in voting interest of the stockholders present in person or by proxy and entitled to vote thereat and thereon, a quorum being present. The vote at any meeting of the stockholders on any question need not be by ballot, unless so directed by the chairman of the meeting. On a vote by ballot each ballot shall be signed by the stockholder voting, or by the proxy, if there be such proxy, and it shall state the number of shares voted.

SECTION 2.07 List of Stockholders. The Secretary of the Corporation shall prepare and make, at least ten (10) days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten (10) days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

SECTION 2.08 Judges. If at any meeting of the stockholders a vote by written ballot shall be taken on any question, the chairman of such meeting may appoint a judge or judges to act with respect to such vote. Each judge so appointed shall first subscribe an oath faithfully to execute the duties of a judge at such meeting with strict impartiality and according to the best of their ability. Such judges shall decide upon the qualification of the voters and shall report the number of shares represented at the meeting and entitled to vote on such question, shall conduct and accept the votes, and, when the voting is completed, shall ascertain and report the number of shares voted respectively for and against the question. Reports of judges shall be in writing and subscribed and delivered by them to the Secretary of the Corporation. The judges need not be stockholders of the Corporation, and any officer of the Corporation may be a judge on any question other than a vote for or against a proposal in which the person shall have a material interest.

SECTION 2.09 Action Without Meeting. Any action required to be taken at any annual or special meeting of stockholders of the Corporation, or any action which may be taken at any annual or special meeting of such stockholders, may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing.

SECTION 2.10. Remote Communications. The Board of Directors may, in its sole discretion, determine that meetings of the shareholders shall not be held at any place, but may instead be held solely by means of remote communication as authorized by NRS Section 78.320(4). If the Board of Directors has authorized a meeting by remote communication, stockholders and proxyholders not physically present at a meeting of stockholders may, by means of remote communications:

- (a) Participate in a meeting of stockholders; and
- (b) Be deemed present in person and vote at a meeting of stockholders, whether such meeting is to be held at a designated place or solely by means of remote communication, provided that (i) the Corporation shall implement reasonable measures to verify that each person deemed present and permitted to vote at the meeting by means of remote communication is a stockholder or proxyholder, (ii) the Corporation shall implement reasonable measures to provide such stockholders and proxyholders a reasonable opportunity to participate in the meeting and to vote on matters submitted to the stockholders, including an opportunity to read or hear the proceedings of the meeting substantially concurrently with such proceedings, and (iii) if any stockholder or proxyholder votes or takes other action at the meeting by means of remote communication, a record of such vote or other action shall be maintained by the Corporation.

ARTICLE III

Board of Directors

SECTION 3.01 General Powers. The property, business and affairs of the Corporation shall be managed by the Board.

SECTION 3.02 Number and Term of Office. The number of directors shall be fixed by the Board of Directors from time to time. Directors need not be residents of Nevada or stockholders. Each of the directors of the Corporation shall hold office until the director's successor shall have been duly elected and shall qualify or until the director shall resign or shall have been removed in the manner hereinafter provided. This number may be changed by a duly adopted amendment to the Certificate of Incorporation or by an amendment to this bylaw duly adopted by the vote or written consent of the holders of a majority of the stock issued and outstanding and entitled to vote or by resolution of a majority of the board of directors, except as

may be otherwise specifically provided by statute or by the certificate of incorporation. No reduction of the authorized number of directors shall have the effect of removing any director before that director's term of office expires.

SECTION 3.03 Election of Directors. The directors shall be elected annually by the stockholders of the Corporation and the persons receiving the greatest number of votes, up to the number of directors to be elected, shall be the directors.

SECTION 3.04 Resignations. Any director of the Corporation may resign at any time by giving written notice to the Board or to the Secretary of the Corporation. Any such resignation shall take effect at the time specified therein, or, if the time be not specified, it shall take effect immediately upon its receipt; and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

SECTION 3.05 Vacancies. Except as otherwise provided in the Certificate of Incorporation, any vacancy in the Board, whether because of death, resignation, disqualification, an increase in the number of directors, or any other cause, may be filled by vote of the majority of the remaining directors, although less than a quorum. Each director so chosen to fill a vacancy shall hold office until the director's successor shall have been elected and shall qualify or until the director shall resign or shall have been removed in the manner hereinafter provided.

SECTION 3.06 Place of Meeting, Etc. The Board may hold any of its meetings at such place or places within or without the State of Nevada as the Board may from time to time by resolution designate or as shall be designated by the person or persons calling the meeting or in the notice or a waiver of notice of any such meeting. Directors may participate in any regular or special meeting of the Board by means of conference telephone or similar communications equipment pursuant to which all persons participating in the meeting of the Board can hear each other, and such participation shall constitute presence in person at such meeting.

SECTION 3.07 First Meeting. The Board shall meet as soon as practicable after each annual election of directors and notice of such first meeting shall not be required.

SECTION 3.08 Regular Meetings. Regular meetings of the Board may be held at such times as the Board shall from time to time by resolution determine. If any day fixed for a regular meeting shall be a legal holiday at the place where the meeting is to be held, then the meeting shall be held at the same hour and place on the next succeeding business day not a legal holiday. Except as provided by law, notice of regular meetings need not be given.

SECTION 3.09 Special Meetings. Special meetings of the Board shall be held whenever called by the President or a majority of the authorized number of directors. Except as otherwise provided by law or by these Bylaws, notice of the time and place of each such special meeting shall be mailed to each director, addressed to the directors at their residence or usual place of business, at least five (5) days before the day on which the meeting is to be held, or shall be sent to the director at such place by facsimile or electronic mail (if receipt is confirmed) or be delivered personally not less than forty-eight (48) hours before the time at which the meeting is to be held.

Except where otherwise required by law or by these Bylaws, notice of the purpose of a special meeting need not be given. Notice of any meeting of the Board shall not be required to be given to any director who is present at such meeting, except a director who shall attend such meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

SECTION 3.10 Quorum and Manner of Acting. Except as otherwise provided in these Bylaws or by law, the presence of a majority of the authorized number of directors shall be required to constitute a quorum for the transaction of business at any meeting of the Board, and all matters shall be decided at any such meeting, a quorum being present, by the affirmative votes of a majority of the directors present. In the absence of a quorum, a majority of directors present at any meeting may adjourn the same from time to time until a quorum shall be present. Notice of any adjourned meeting need not be given. The directors shall act only as a Board, and the individual directors shall have no power as such.

SECTION 3.11 Action by Consent. Any action required or permitted to be taken at any meeting of the Board or of any committee thereof may be taken without a meeting if a written consent thereto is signed by all members of the Board or of such committee, as the case may be, and such written consent is filed with the minutes of proceedings of the Board or committee.

SECTION 3.12 Removal of Directors. Subject to the provisions of the Certificate of Incorporation, any director may be removed at any time, either with or without cause, by the affirmative vote of the stockholders having a majority of the voting power of the Corporation given at a special meeting of the stockholders called for the purpose.

SECTION 3.13 Compensation. The directors shall receive only such compensation for their services as directors as may be allowed by resolution of the Board. The Board may also provide that the Corporation shall reimburse each such director for any expense incurred by the director on account of the director's attendance at any meetings of the Board or Committees of the Board. Neither the payment of such compensation nor the reimbursement of such expenses shall be construed to preclude any director from serving the Corporation or its subsidiaries in any other capacity and receiving compensation therefor.

SECTION 3.14 Committees. The Board may, by resolution passed by a majority of the whole Board, designate one or more committees, each committee to consist of one or more of the directors of the Corporation. Any such committee, to the extent provided in the resolution of the Board and except as otherwise limited by law, shall have and may exercise all the powers and authority of the Board in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it. Any such committee shall keep written minutes of its meetings and report the same to the Board at the next regular meeting of the Board. In the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not they constitute a quorum, may unanimously appoint another member of the Board to act at the meeting in the place of any such absent or disqualified member.

ARTICLE IV

Officers

SECTION 4.01 Number. The officers of the Corporation shall a president, a chief financial officer, and a secretary. The corporation may also have, at the discretion of the board of directors, a chairman of the board, one or more assistant vice presidents, assistant secretaries, and any such other officers as may be appointed in accordance with the provisions of these bylaws. Any number of offices may be held by the same person.

SECTION 4.02 Election, Term of Office and Qualifications. The officers of the Corporation, except such officers as may be appointed in accordance with Section 4.03, shall be elected annually by the Board at the first meeting thereof held after the election thereof. Each officer shall hold office until a successor shall have been duly chosen and shall qualify or until the officer's resignation or removal in the manner hereinafter provided.

SECTION 4.03 Assistants, Agents and Employees, Etc. In addition to the officers specified in Section 4.01, the Board may appoint other assistants, agents and employees as it may deem necessary or advisable, including one or more Assistant Secretaries, and one or more Assistant Chief Financial Officers, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may from time to time determine. The Board may delegate to any officer of the Corporation or any committee of the Board the power to appoint, remove and prescribe the duties of any such assistants, agents or employees.

SECTION 4.04 Removal. Any officer, assistant, agent or employee of the Corporation may be removed, with or without cause, at any time: (i) in the case of an officer, assistant, agent or employee appointed by the Board, only by resolution of the Board; and (ii) in the case of an officer, assistant, agent or employee, by any officer of the Corporation or committee of the Board upon whom or which such power of removal may be conferred by the Board.

SECTION 4.05 Resignations. Any officer or assistant may resign at any time by giving written notice of such resignation to the Board or the Secretary of the Corporation. Any such resignation shall take effect at the time specified therein, or, if the time be not specified, upon receipt thereof by the Board or the Secretary, as the case may be; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

SECTION 4.06 Vacancies. A vacancy in any office because of death, resignation, removal, disqualification, or other cause, may be filled for the unexpired portion of the term thereof in the manner prescribed in these Bylaws for regular appointments or elections to such office.

SECTION 4.07 The President. The President of the Corporation shall be the chief executive officer of the Corporation and shall have, subject to the control of the Board,

general and active supervision and management over the business of the Corporation and over its several officers, assistants, agents and employees.

SECTION 4.08 The Vice Presidents. Each Vice President shall have such powers and perform such duties as the Board may from time to time prescribe. At the request of the President, or in case of the President's absence or inability to act upon the request of the Board, a Vice President shall perform the duties of the President and when so acting, shall have all the powers of, and be subject to all the restrictions upon, the President.

SECTION 4.09 The Secretary. The Secretary shall, if present, record the proceedings of all meetings of the Board, of the stockholders, and of all committees of which a secretary shall not have been appointed in one or more books provided for that purpose; the Secretary shall see that all notices are duly given in accordance with these Bylaws and as required by law; the Secretary shall be custodian of the seal of the Corporation and shall affix and attest the seal to all documents to be executed on behalf of the Corporation under its seal; and, in general, shall perform all the duties incident to the office of Secretary and such other duties as may from time to time be assigned to the Secretary by the Board.

SECTION 4.10 The Chief Financial Officer. The Chief Financial Officer shall have the general care and custody of the funds and securities of the Corporation, and shall deposit all such funds in the name of the Corporation in such banks, trust companies or other depositories as shall be selected by the Board. The Chief Financial Officer shall receive, and give receipts for, moneys due and payable to the Corporation from any source whatsoever. The Chief Financial Officer shall exercise general supervision over expenditures and disbursements made by officers, agents and employees of the Corporation and the preparation of such records and reports in connection therewith as may be necessary or desirable. The Chief Financial Officer shall, in general, perform all other duties incident to the office of Chief Financial Officer and such other duties as from time to time may be assigned to the Chief Financial Officer by the Board.

SECTION 4.11 Compensation. The compensation of the officers of the Corporation shall be fixed from time to time by the Board. None of such officers shall be prevented from receiving such compensation by reason of the fact that such officer is also a director of the Corporation. Nothing contained herein shall preclude any officer from serving the Corporation, or any subsidiary corporation, in any other capacity and receiving such compensation by reason of the fact that such officer is also a director of the Corporation. Nothing contained herein shall preclude any officer from serving the Corporation, or any subsidiary corporation, in any other capacity and receiving proper compensation therefor.

ARTICLE V

Contracts, Checks, Drafts, Bank Accounts, Etc.

SECTION 5.01 Execution of Contracts. The Board, except as in these Bylaws otherwise provided, may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances; and unless so authorized by the Board or by these Bylaws, no officer, agent or employee shall have any power or authority to bind the Corporation by any contract or engagement or to pledge its credit or to render it liable for any purpose or in any amount.

SECTION 5.02 Checks, Drafts, Etc. All checks, drafts or other orders for payment of money, notes or other evidence of indebtedness, issued in the name of or payable to the Corporation, shall be signed or endorsed by such person or persons and in such manner as, from time to time, shall be determined by resolution of the Board. Each such officer, assistant, agent or attorney shall give such bond, if any, as the Board may require.

SECTION 5.03 Deposits. All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories as the Board may select, or as may be selected by any officer or officers, assistant or assistants, agent or agents, or attorney or attorneys of the Corporation to whom such power shall have been delegated by the Board. For the purpose of deposit and for the purpose of collection for the account of the Corporation, the President, any Vice President or the Chief Financial Officer (or any other officer or officers, assistant or assistants, agent or agents, or attorney or attorneys of the Corporation who shall from time to time be determined by the Board) may endorse, assign and deliver checks, drafts and other orders for the payment of money which are payable to the order of the Corporation.

SECTION 5.04 General and Special Bank Accounts. The Board may from time to time authorize the opening and keeping of general and special bank accounts with such banks, trust companies or other depositories as the Board may select or as may be selected by any officer or officers, assistant or assistants, agent or agents, or attorney or attorneys of the Corporation to whom such power shall have been delegated by the Board. The Board may make such special rules and regulations with respect to such bank accounts, not inconsistent with the provisions of these Bylaws, as it may deem expedient.

ARTICLE VI

Shares and Their Transfer

SECTION 6.01 Certificates for Stock; Uncertificated Stock. Shares of stock of the Corporation may be certificated or uncertificated, as provided under the Nevada Revised Statutes ("NRS"), Chapter 78. In the sole discretion of the Corporation, the Corporation may

choose to provide the owners of stock of the Corporation with a certificate or certificates, to be in such form as the Board shall prescribe, certifying the number and class of shares of the stock of the Corporation owned by the stockholder. The certificates representing shares of such stock shall be numbered in the order in which they shall be issued and shall be signed in the name of the Corporation by the President or a Vice President, and by the Secretary or an Assistant Secretary or by the Chief Financial Officer or an Assistant Chief Financial Officer. Any of or all of the signatures on the certificates may be a facsimile. In case any officer, transfer agent or registrar who has signed, or whose facsimile signature has been placed upon, any such certificate, shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, such certificate may nevertheless be issued by the Corporation with the same effect as though the person who signed such certificate, or whose facsimile signature shall have been placed thereupon, were such officer, transfer agent or registrar at the date of issue. A record shall be kept of the respective names of the persons, firms or corporations owning the stock of the Corporation, the number and class of shares held by such persons, firms, or corporation, and the respective dates of issuance, and in case of cancellation, the respective dates of cancellation. Every share of stock surrendered to the Corporation for exchange or transfer shall be canceled and neither a new certificate or certificates nor uncertificated shares of stock shall be issued in exchange thereof until such stock shall have been so canceled, except in cases provided for in Section 6.04.

SECTION 6.02 Transfers of Stock. Transfers of shares of stock of the Corporation shall be made only on the books of the Corporation by the registered holder thereof, or by the registered holder's attorney thereunto authorized by power of attorney duly executed and filed with the Secretary, or with a transfer clerk or a transfer agent appointed as provided in Section 6.03, and upon payment of all taxes thereon and, in the case of certificated shares, surrender of the certificate or certificates for such shares properly endorsed or, in the case of uncertificated shares of stock, compliance with appropriate procedures for transferring shares in uncertificated form. The person in whose name shares of stock stand on the books of the Corporation shall be deemed the owner thereof for all purposes as regards the Corporation. Whenever any transfer of shares shall be made for collateral security, and not absolutely, such fact shall be so expressed in the entry of transfer if, when the certificate or certificates shall be presented to the Corporation for transfer, both the transferor and the transferee request the Corporation to do so.

SECTION 6.03 Regulations. The Board may make such rules and regulations as it may deem expedient, not inconsistent with these Bylaws, concerning the issue, transfer and registration of shares of the stock of the Corporation. It may appoint, or authorize any officer or officers to appoint, one or more transfer clerks or one or more transfer agents and one or more registrars, and may require all certificates for stock to bear the signature or signatures of any of them.

SECTION 6.04 Lost, Stolen, Destroyed, and Mutilated Certificates. In any case of loss, theft, destruction, or mutilation of any certificate of stock, another may be issued in its place, or uncertificated shares of stock may be issued, upon proof of such loss, theft, destruction, or mutilation and upon the giving of a bond of indemnity to the Corporation in such form and in such sum as the Board may direct; provided, however, that a new certificate or uncertificated stock

may be issued without requiring any bond when, in the judgment of the Board, it is proper so to do.

SECTION 6.05 Fixing Date for Determination of Stockholders of Record.

Subject to the provisions of the Certificate of Incorporation, in order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any other change, conversion or exchange of stock or for the purpose of any other lawful action, the Board may fix, in advance, a record date, which shall not be more than 60 nor less than 10 days before the date of such meeting, nor more than 60 days prior to any other action. If in any case involving the determination of stockholders for any purpose other than notice of or voting at a meeting of stockholders or expressing consent to corporate action without a meeting the Board shall not fix such a record date, the record date for determining stockholders for such purpose shall be the close of business on the day on which the Board shall adopt the resolution relating thereto. A determination of stockholders entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of such meeting; provided, however, that the Board may fix a new record date for the adjourned meeting.

SECTION 6.06 Right of First Refusal.

No stockholder shall sell, transfer, assign, pledge, or otherwise dispose of or encumber any shares of common stock of the corporation or any right or interest therein, whether voluntarily or by operation of law, or by gift or otherwise (each, a "Transfer"), except by a transfer which meets the requirements set forth in this Section 6.06:

(a) If the stockholder desires to transfer any shares of stock, then the stockholder shall first give written notice thereof to the corporation. The notice shall name the proposed transferee and state the number of shares to be transferred, the proposed consideration, and all other terms and conditions of the proposed transfer.

(b) For thirty (30) days following receipt of such notice, the corporation shall have the option to purchase all (but not less than all) of the shares specified in the notice at the price and upon the terms set forth in such notice; provided, however, that, with the consent of the stockholder, the corporation shall have the option to purchase a lesser portion of the shares specified in said notice at the price and upon the terms set forth therein. In the event of a gift, property settlement or other Transfer in which the proposed transferee is not paying the full price for the shares, and that is not otherwise exempted from the provisions of this Section 6.06, the price shall be deemed to be the fair market value of the stock at such time as determined in good faith by the Board of Directors. In the event the corporation elects to purchase all of the shares or, with consent of the stockholder, a lesser portion of the shares, it shall give written notice to the transferring stockholder of its election and settlement for said shares shall be made as provided below in paragraph (d).

(c) The corporation may assign its rights hereunder.

(d) In the event the corporation and/or its assignee(s) elect to acquire any of the shares of stock of the transferring stockholder as specified in said transferring stockholder's notice, the Secretary of the corporation shall so notify the transferring stockholder and settlement thereof shall be made in cash within thirty (30) days after the Secretary of the corporation receives said transferring stockholder's notice; provided that if the terms of payment set forth in said transferring stockholder's notice were other than cash against delivery, the corporation and/or its assignee(s) shall pay for said shares on the same terms and conditions set forth in said transferring stockholder's notice.

(e) In the event the corporation and/or its assignees(s) do not elect to acquire all of the shares specified in the transferring stockholder's notice, said transferring stockholder may, within the sixty-day period following the expiration or waiver of the option rights granted to the corporation and/or its assignees(s) herein, transfer the shares specified in said transferring stockholder's notice which were not acquired by the corporation and/or its assignees(s) as specified in said transferring stockholder's notice. All shares so sold by said transferring stockholder shall continue to be subject to the provisions of this bylaw in the same manner as before said transfer.

(f) Anything to the contrary contained herein notwithstanding, the following transactions shall be exempt from the provisions of this bylaw:

(1) A stockholder's transfer of any or all shares held either during such stockholder's lifetime or on death by will or intestacy to (A) such stockholder's immediate family, (B) any custodian or trustee for the account of such stockholder or such stockholder's immediate family or (C) any trust, partnership or other entity of which such stockholder, members of such stockholder's immediate family or any trust for the account of such stockholder or such stockholder's immediate family are the sole stockholders, members, partners, beneficiaries or other equity holders. The term "immediate family" as used herein shall mean spouse, domestic partner, lineal descendant or antecedent, father, mother, brother, sister or stepchild (whether or not adopted) of the stockholder making such Transfer.

(2) A stockholder's transfer of any or all of such stockholder's shares to the corporation or to any other stockholder of the corporation.

(3) A transfer by a stockholder that is a trust, partnership or entity to its stockholders, members, partners, beneficiaries or other equity holders.

In any such case, the transferee, assignee, or other recipient shall receive and hold such stock subject to the provisions of this Sections 6.06, and there shall be no further transfer of such shares of common stock except in accord with such bylaws.

(g) The provisions of this bylaw may be waived with respect to any transfer either by the corporation, upon duly authorized action of its Board of Directors, or by the stockholders, upon the express written consent of the owners of a majority of the voting power of the corporation (excluding the votes represented by those shares to be transferred by the

transferring stockholder). This bylaw may be amended or repealed either by a duly authorized action of the Board of Directors or by the stockholders, upon the express written consent of the owners of a majority of the voting power of the corporation.

(h) Any transfer, or purported transfer, of securities of the corporation shall be null and void unless the terms, conditions, and provisions of this bylaw are strictly observed and followed.

(i) The foregoing right of first refusal shall terminate on the date securities of the corporation are first offered to the public pursuant to a registration statement filed with, and declared effective by, the SEC under the Securities Act of 1933, as amended.

(j) The certificates representing shares of stock shall bear on their face the following legend so long as the foregoing right of first refusal remains in effect:

“THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO A RIGHT OF FIRST REFUSAL OPTION IN FAVOR OF THE CORPORATION AND/OR ITS ASSIGNEE(S), AS PROVIDED IN THE BYLAWS OF THE CORPORATION.”

(k) The provisions of this Section 6.06 shall not apply to any transfer of shares of preferred stock of the corporation or the shares of stock issued or issuable upon conversion thereof.

(l) To the extent this Section 6.06 conflicts with any written agreement between the Company and the stockholder attempting to transfer shares, such agreement shall control.

ARTICLE VII

Indemnification

SECTION 7.01 Action, Etc. Other Than by or in the Right of the Corporation. The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that the person is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by the person in connection with such action, suit or proceeding if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the Corporation, and with respect to any criminal action or proceeding, had no reasonable cause to believe their conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in

good faith and in a manner which the person reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, that the person had reasonable cause to believe that their conduct was unlawful.

SECTION 7.02 Actions, Etc., by or in the Right of the Corporation. The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that the person is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by the person in connection with the defense or settlement of such action or suit if the person acted in good faith and in a manner the person reasonably believed to be in or not opposed to the best interests of the Corporation, except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of the person's duty to the Corporation unless and only to the extent that the Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

SECTION 7.03 Determination of Right of Indemnification. Any indemnification under Section 7.01 or 7.02 (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the director, officer, employee or agent is proper in the circumstances because the person has met the applicable standard of conduct set forth in Section 7.01 and 7.02. Such determination shall be made (i) by the Board by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (ii) if such a quorum is not obtainable, or, even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or (iii) by the stockholders. For purposes of any determination under this Article VII, a person shall be deemed to have acted in good faith and in a manner they reasonably believed to be in or not opposed to the best interests of the Corporation, or, with respect to any criminal action or proceeding, to have had no reasonable cause to believe their conduct was unlawful, if their action is based on the records or books of account of the Corporation or another enterprise, or on information supplied to them by the officers of the Corporation or another enterprise in the course of their duties, or on the advice of legal counsel for the Corporation or another enterprise or on information or records given or reports made to the Corporation or another enterprise by an independent certified public accountant or by an appraiser or other expert selected with reasonable care by the Corporation or another enterprise. The term "another enterprise" as used in this Section 7.03 shall mean any other corporation or any partnership, joint venture, trust, employee benefit plan or other enterprise of which such person is or was serving at the request of the Corporation as a director, officer, employee or agent. The provisions of this Section 7.03 shall not be deemed to be exclusive or to limit in any way the circumstances in which a person may be deemed to have met the applicable standard of conduct set forth in Sections 7.01 or 7.02 of this Article VII, as the case may be.

SECTION 7.04 Indemnification Against Expenses of Successful Party. Notwithstanding the other provisions of this Article, to the extent that a director, officer, employee or agent of the Corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Section 7.01 or 7.02, or in defense of any claim, issue or matter therein, the person shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by the person in connection therewith.

SECTION 7.05 Prepaid Expenses. Expenses incurred by an officer or director in defending a civil or criminal action, suit or proceeding may be paid by the Corporation in advance of the final disposition of such action, suit or proceeding as authorized by the Board in the specific case upon receipt of an undertaking by or on behalf of the director or officer to repay such amount unless it shall ultimately be determined that the officer or director is entitled to be indemnified by the Corporation as authorized in this Article. Such expenses incurred by other employees and agents may be so paid upon such terms and conditions, if any, as the Board deems appropriate.

SECTION 7.06 Other Rights and Remedies. The indemnification provided by this Article shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any Bylaws, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in the person's official capacity and as to action in another capacity while holding such office, and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

SECTION 7.07 Insurance. Upon resolution passed by the Board, the Corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against the person and incurred by such person in any such capacity, or arising out of the person's status as such, whether or not the Corporation would have the power to indemnify the person against such liability under the provisions of this Article.

SECTION 7.08 Constituent Corporations. For the purposes of this Article, references to "the Corporation" include all constituent corporations absorbed in a consolidation or merger as well as the resulting or surviving corporation, so that any person who is or was a director, officer, employee or agent of such a constituent corporation or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise shall stand in the same position under the provisions of this Article with respect to the resulting or surviving corporation as the person would if they had served the resulting or surviving corporation in the same capacity.

SECTION 7.09 Other Enterprises, Fines, and Serving at Corporation's Request. For purposes of this Article, references to "other enterprises" shall include employee benefit plans; references to "fines" shall include any excise taxes assessed on a person with respect

to any employee benefit plan; and references to "serving at the request of the Corporation" shall include any service as a director, officer, employee or agent of the corporation which imposes duties on, or involves services by, such director, officer, employee, or agent with respect to an employee benefit plan, its participants, or beneficiaries; and a person who acted in good faith and in a manner the person reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the Corporation" as referred to in this Article.

ARTICLE VIII

Miscellaneous

SECTION 8.01 Seal. The Board may provide a corporate seal, which shall be in the form of a circle and shall bear the name of the Corporation and words and figures showing that the Corporation was incorporated in the State of Nevada and the year of incorporation.

SECTION 8.02 Waiver of Notices. Whenever notice is required to be given by these Bylaws or the Certificate of Incorporation or by law, the person entitled to said notice may waive such notice in writing, either before or after the time stated therein, and such waiver shall be deemed equivalent to notice.

SECTION 8.03 Amendments. Except as otherwise provided herein and subject to the provisions of the Certificate of Incorporation, these Bylaws, or any of them, may be altered, amended or repealed, and new Bylaws may be made, (i) by the Board, by vote of a majority of the number of directors then in office as directors, acting at any meeting of the Board, or (ii) by the stockholders, at any annual meeting of stockholders, without previous notice, or at any special meeting of stockholders, provided that notice of such proposed amendment, modification, repeal or adoption is given in the notice of special meeting. Any Bylaws made or altered by the stockholders may be altered or repealed by either the Board or the stockholders.

[END OF BYLAWS]

CERTIFICATE OF SECRETARY

I, the undersigned, do hereby certify:

1. That I am the duly elected and acting Secretary of WEST PENDER MANAGEMENT CO., a Nevada corporation; and

2. That the foregoing bylaws, comprising sixteen (16) pages, not including this page, constitute the bylaws of said Corporation as duly adopted by action of the directors of the Corporation duly taken on July 10, 2019.

IN WITNESS WHEREOF, I have executed this Certificate as Secretary of the Corporation as of July 10.

Ingo Mueller, Secretary

ACTION BY WRITTEN CONSENT OF SOLE DIRECTOR

WEST PENDER MANAGEMENT CO.

**A NEVADA CORPORATION
(In Lieu of a First Meeting)**

July 10, 2019

The undersigned, being the sole director of West Pender Management Co., a Nevada corporation ("**Corporation**"), pursuant to authority to act without a meeting in accordance with the Nevada Revised Statutes ("**NRS**"), Chapter 78.315 (2), consents to the taking of the actions and adopts the resolutions set out below. This written consent of the board of directors ("**Action**") is in lieu of the first meeting of the Corporation's board of directors ("**Board**"), and all of the actions taken and resolutions set out in it shall have the same force and effect as if they were taken or adopted at such first meeting. This consent is executed as of the date last written below and shall be filed in the Corporation's minute book.

RATIFICATION OF INCORPORATOR'S ACTS

RESOLVED, that the Corporation ratify, confirm, and approve its acceptance of the resignation of the Sole Incorporator.

RESOLVED FURTHER, that the actions of the Sole Incorporator be and hereby are approved in all respects and all actions of every nature thereby shown to have been taken are hereby ratified, approved and confirmed.

**CERTIFICATE OF INCORPORATION AND AGENT
FOR SERVICE OF PROCESS**

RESOLVED, that the Corporation ratify, confirm and approve its acceptance of the Certificate of Incorporation of the Corporation which was filed in the office of the Nevada Secretary of State on July 9, 2019 and assigned Entity Number E0318512019-9.

RESOLVED FURTHER, that a certified copy of the Certificate of Incorporation, and the Amended and Restated Certificate of Incorporation be inserted in the Minute Book of the Corporation.

RESOLVED FURTHER, that Parasec be named as the initial agent for service of process in the Certificate of Incorporation of the Corporation, is hereby confirmed as the Corporation's agent for the purpose of service of process.

BYLAWS

RESOLVED, that the Bylaws presented to the board are hereby ratified and approved as the Bylaws of the Corporation. A copy of said Bylaws shall be certified and inserted in the Minute Book of this Corporation which shall be kept at the principal office for the transaction of business of this Corporation.

RESOLVED FURTHER, that the Secretary of this Corporation is authorized and directed to execute a certificate of the adoption of said Bylaws and to enter said Bylaws as so certified in the Minute Book of this Corporation, and to see that a copy of said Bylaws is kept at the principal executive office or business office of the Corporation in California.

CORPORATE SEAL

RESOLVED, that a corporate seal may be adopted as the seal of this Corporation in the form of two concentric circles, with the name of the Corporation and state of incorporation between the two circles and the date of incorporation within the inner circle.

UNCERTIFICATED SHARES

RESOLVED, that the shares of the Corporation shall be uncertificated, provided that the Corporation may issue certificated shares for some or all of any or all classes or series of its stock if deemed advisable and in the best interests of the Corporation by the officers, in consultation with legal counsel.

LOCATION OF PRINCIPAL EXECUTIVE OFFICE

RESOLVED, that the principal executive office of this Corporation be and the same is hereby designated and fixed at: Suite 1500, 1055 West Georgia Street, Vancouver, Canada V63 4N7, until changed by subsequent action of the Directors of the Corporation.

NUMBER OF DIRECTORS

RESOLVED, the initial number of members of the Board of Directors of this Corporation is hereby fixed at one (1).

ELECTION OF OFFICERS

RESOLVED, that the following persons are elected to the offices indicated opposite their names to serve until their successors are duly elected or appointed pursuant to the Bylaws, or until resignation or removal, as the case may be, and effective upon their acceptance of their positions, to exercise their powers as officers of the Corporation:

<u>Name</u>	<u>Title</u>
Ingo Mueller	Chief Executive Officer
Richard Wong	Chief Financial Officer
Ingo Mueller	Secretary

ISSUANCE OF STOCK

RESOLVED, that the Corporation shall, and the officers of the Corporation are, and each of them is, hereby authorized and directed to offer for sale, and to issue and sell, common shares of the Corporation ("Shares") to the following persons in the amounts and for the consideration set forth below their respective names:

Name:	West Pender Investments, Inc.
Amount:	One Hundred
Consideration:	\$100.00

RESOLVED FURTHER, that the offer and sale of the Shares shall be in accordance with the applicable provisions of state and federal securities laws, and specifically that the Shares shall be offered and sold in a transaction not involving a public offering;

RESOLVED FURTHER, that the offer and sale of the Shares will not be accompanied by the publication of any advertisement, that no selling expenses will be given, paid or incurred in connection therewith, and that no promotional consideration will be given, paid or incurred in connection therewith;

RESOLVED FURTHER, that the officers of the Corporation, or any of them acting alone, are hereby authorized and directed to file such applications, documents and other materials and to take such actions as are reasonable and necessary in order to qualify the issuance of the Shares under applicable state and federal securities laws or an exemption therefrom;

RESOLVED FURTHER, that the officers of the Corporation, or any one of them acting alone, are hereby authorized and directed to execute such documents and to take such actions as are reasonable and necessary in order to carry out the foregoing resolutions.

PAYMENT OF EXPENSES

WHEREAS, in order to provide for payment of expenses of the incorporation and organization of the Corporation, the following resolution is adopted:

RESOLVED, that each of the officers of this Corporation are authorized and directed to cause this Corporation to pay the expenses of its incorporation and organization.

BANK ACCOUNT

RESOLVED, that the President, Chief Financial Officer and the Secretary of this Corporation, acting together or alone in the name and on behalf of the Corporation, are hereby authorized:

(a) To designate one or more banks, trust companies, or other similar institutions as depositories of the funds, including, without limitation, cash and cash equivalents, of this Corporation;

(b) To open, keep, and close general and special bank accounts, including general deposit accounts, payroll accounts, and working fund accounts, with any such depository;

(c) To cause to be deposited in such accounts with any such depository, from time to time, such funds, including, without limitation, cash and cash equivalents, of this Corporation as such officers deem necessary or advisable, and to designate or change the designation of the officer or officers and agent or agents of this Corporation who will be authorized to make such deposits and to endorse checks, drafts, or other instruments for such deposit;

(d) From time to time to designate or change the designation of the officer or officers and agent or agents of this Corporation who will be authorized to sign or countersign checks, drafts or other orders for the payment of money issued in the name of this Corporation against any funds deposited in any such accounts, and to revoke any such designation;

(e) To authorize the use of facsimile signatures for the signing or countersigning of checks, drafts, or other orders for the payments of money, and to enter into such agreements as banks and trust companies customarily require as a condition for permitting the use of facsimile signatures;

(f) To make such general and special rules and regulations with respect to such accounts as they may deem necessary or advisable; and

(g) To complete, execute, and/or certify any customary printed blank signature card forms in order conveniently to exercise the authority granted by this resolution and any resolutions printed thereon shall be deemed adopted as a part hereof.

RESOLVED, FURTHER, that all form resolutions required by any such depository as presented to this Corporation, are hereby adopted in such form utilized by the depository, and the Secretary of this Corporation is hereby authorized to certify such resolutions as having been adopted pursuant to this Action and is directed to insert the form of such resolutions in the Minute Book immediately following these resolutions.

RESOLVED, FURTHER, that any such depository to which a copy certified by the Secretary or an Assistant Secretary of this Corporation of these resolutions shall have been delivered shall be entitled to rely thereon for all purposes until it shall have received written notice of the revocation or amendment of these resolutions by the Board of Directors of this Corporation.

APPOINTMENT OF ACCOUNTANT

RESOLVED, that each of the officers of this Corporation, acting together or alone, are hereby authorized, directed and empowered to select and appoint an accountant(s) and or accounting firm(s) to serve at the pleasure of the Board of the Corporation to assist the Corporation in establishing its books of account, to audit its financial statement and otherwise to advise this Corporation in connection with accounting matters.

EMPLOYER IDENTIFICATION NUMBER

RESOLVED, that the officers of the Corporation are, and each of them is, hereby authorized and directed to take all actions necessary or appropriate to obtain federal and state employer identification numbers, and to comply with applicable payroll reporting, tax, and withholding requirements.

ESTABLISHMENT OF FISCAL YEAR

RESOLVED, that the date for the fiscal year end of the Corporation shall be December 31.

QUALIFICATION TO DO BUSINESS IN OTHER STATES

RESOLVED, that for the purpose of authorizing this Corporation to do business in any state, territory or dependency of the United States or any province of Canada or any foreign country in which it is necessary or expedient for the Corporation to transact business, the proper officers of this Corporation are hereby authorized to appoint and substitute all necessary agents or attorneys for service of process, to designate and change the location of all necessary statutory offices and,

under the corporate seal, to make and file all necessary certificates, reports, powers of attorney and other instruments as may be required by the laws of such state, territory, dependency, province or country to authorize this Corporation to transact business therein and whenever it is expedient for this Corporation to cease doing business therein and withdraw therefrom, to revoke any appointment of agent or attorney for service of process, and to file such certificate, report, revocation of appointment, surrender of authority or other instrument as may be necessary to terminate the authority of this Corporation to do business in any state, territory, dependency, province or country.

OTHER FILINGS AND ACTIONS

RESOLVED, that the officers of the Corporation, and each of them with full authority to act without the others, are authorized and directed to execute and deliver any applications, certificates, agreements, memorandums and/or any other instruments or documents or amendments or supplements thereto, to do such acts and things as such officer deems necessary in order to obtain such licenses, authorizations, and permits as are necessary or desirable for the Corporation's business, to fulfill such legal requirements as are applicable to this Corporation or its business or to complete the organization of this Corporation, and to do or to cause to be done any and all other acts and things as such officers and each of them may, in their discretion, deem necessary or advisable and appropriate to carry out the purposes of the foregoing resolutions and matters incidental thereto, and any action taken by the officers and Board of the Corporation prior to the date of these resolutions that is otherwise within or related to the authority set forth by these resolutions be, and hereby is, ratified, confirmed and approved in all respects.

IN WITNESS WHEREOF, the undersigned has executed this Action by Written Consent of Sole Director effective as of July 10, 2019.

Ingo Mueller

**ACTION BY WRITTEN CONSENT OF SOLE DIRECTOR
WEST PENDER INVESTMENTS, INC.
A DELAWARE CORPORATION**

November 21, 2019

The undersigned, being the sole director of West Pender Investments, Inc., a Delaware corporation ("**Corporation**"), pursuant to authority to act without a meeting in accordance with Section 141(f) of the General Corporation Law of Delaware, consents to the taking of the actions and adopts the resolutions set out below.

CHANGE OF NAME

WHEREAS, the sole director deems it to be advisable and in the best interest of the Corporation to change the name to "AgriFORCE Investments, Inc."

RESOLVED, that the Certificate of Incorporation of the Corporation be amended by changing ARTICLE ONE, so that, as amended, said ARTICLE ONE shall be and read as follows:

ARTICLE ONE

The name of this Corporation is AgriFORCE Investments, Inc.

GENERAL AUTHORITY

RESOLVED, that the officers of the Corporation are, and each of them is, hereby authorized and directed to do and perform any and all acts, including execution and filing of any documents and certificates, as the officers shall deem necessary or advisable to carry out the intent and purposes of the foregoing resolutions.

RESOLVED FURTHER, that any action taken by any officer prior to the date of the resolutions adopted hereby, which are within the authority conferred by these resolutions, are hereby ratified, confirmed, and approved as the acts of the Corporation.

This Action by Written Consent shall be filed in the minute books of the Corporation and shall become a part of the records of the Corporation.

IN WITNESS WHEREOF, the undersigned has executed this Action by Written Consent effective as of November 21, 2019.



Ingo Mueller

**STATE OF DELAWARE
CERTIFICATE OF INCORPORATION
HYDROHAUS HOLDINGS (US), INC.**

State of Delaware
Secretary of State
Division of Corporations
Delivered 06:32 PM 08/31/2018
FILED 06:32 PM 08/31/2018
SR 20186468371 - File Number 7039859

ARTICLE ONE

The name of this Corporation is **HydroHaus Holdings (US), Inc.**

ARTICLE TWO

The address of the Corporation's registered office in the State of Delaware is to be located at 2140 South Dupont Highway, in the City of Camden, County of Kent, 19934. The registered agent in charge thereof is Paracorp Incorporated.

ARTICLE THREE

The purpose of the corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of Delaware.

ARTICLE FOUR

The total number of shares of stock which the corporation is authorized to issue is ten million (10,000,000) shares having a par value of \$0.00001 per share.

ARTICLE FIVE

The Corporation is to have perpetual existence.

ARTICLE SIX

The number of Directors which constitutes the whole Board of Directors of the Corporation and the manner of their election shall be designated in the Bylaws of the Corporation.

ARTICLE SEVEN

In furtherance and not in limitation of the powers conferred by statute, the Board of Directors is expressly authorized to make, alter, amend, or repeal the Bylaws of the Corporation.

ARTICLE EIGHT

(a) To the fullest extent permitted by the Delaware General Corporation Law as the same exists or as may hereafter be amended, a Director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of

fiduciary duty as a Director; provided, however, that this provision shall not eliminate or limit the liability of a Director: (i) for any breach of the Director's duty of loyalty to the Corporation or its stockholders; (ii) for acts or omissions not in good faith or which involve material misconduct or a knowing violation of law; (iii) under the Delaware General Corporation Law; or (iv) for any transaction from which the Director derived an improper personal benefit

(b) The Corporation may indemnify to the fullest extent permitted by law any person made or threatened to be made a party to an action or proceeding, whether criminal, civil, administrative, or investigative, by reason of the fact that he or his testator or testate is or was a director, officer, employee, or agent of the Corporation or any predecessor of the Corporation or serves or served at any other enterprise as a director, officer, employee, or agent at the request of the Corporation or any predecessor to the Corporation.

(c) Neither any amendment nor repeal of this Article Eight, nor the adoption of any provision of this Corporation's Certificate of Incorporation inconsistent with this Article Eight, shall eliminate or reduce the effect of this Article Eight in respect of any matter occurring, or any action or proceeding accruing or arising or that, but for this Article Eight, would accrue or arise, prior to such amendment, repeal, or adoption of an inconsistent provision.

ARTICLE NINE

The Corporation reserves the right to amend, alter, change, or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation.

ARTICLE TEN

The name and address of the incorporator are as follows:

Alethea Franceschi
2140 S DuPont Hwy
Camden, DE 19934

I, The Undersigned, for the purpose of forming a corporation under the laws of the State of Delaware, do make, file and record this Certificate, and do certify that the facts herein stated are true, and I have accordingly hereunto set my hand this 31ST day of August, A.D. 2018.

By: Alethea Franceschi
/s/Alethea Franceschi
Incorporator

HYDROHAUS HOLDINGS (US) INC.

Incorporated under the Laws of the State of Delaware
August 31, 2018

BYLAWS

ARTICLE I

Offices

SECTION 1.01 Registered Office. The registered office of HYDROHAUS HOLDINGS (US) INC. (hereinafter called the "Corporation") in the State of Delaware shall be at 2140 South Dupont Highway, City of Camden, County of Kent, Delaware 19934, and the name of the registered agent at such location is Paracorp Incorporated.

SECTION 1.02 Other Offices. The Corporation may also have an office or offices at such other place or places, either within or without the State of Delaware, as the Board of Directors (hereinafter called the Board) may from time to time determine or as the business of the Corporation may require.

ARTICLE II

Meetings of Stockholders

SECTION 2.01 Annual Meetings. The annual meeting of stockholders shall be held each year on a date and at a time designated by the board of directors. In the absence of such designation, the annual meeting of stockholders shall be held on the second Tuesday of April in each year at 10:00 a.m. However, if such day falls on a legal holiday, then the meeting shall be held at the same time and place on the next succeeding full business day. At the meeting, directors shall be elected and any other proper business may be transacted.

SECTION 2.02 Special Meetings. A special meeting of the stockholders for the transaction of any proper business may be called at any time by the Board or by the President.

SECTION 2.03 Place of Meetings. All meetings of the stockholders shall be held at such places, within or without the State of Delaware, as may from time to time be designated by the person or persons calling the respective meeting and specified in the respective notices or waivers of notice thereof.

SECTION 2.04 Notice of Meetings. Except as otherwise required by law, and subject to the provisions of the Certificate of Incorporation, notice of each meeting of the stockholders, whether annual or special, shall be given not less than ten (10) nor more than sixty (60) days before the date of the meeting to each stockholder of record entitled to vote at such meeting by delivering a typewritten or printed notice thereof to him personally, or by depositing such notice in the United States mail, in a postage prepaid envelope, directed to him at his post office address furnished by him to the Secretary of the Corporation for such purpose or, if he shall not have furnished to the Secretary his address for such purpose, then at his post office address last known to the Secretary, or by transmitting a notice thereof to him at such address by telegraph, cable, or wireless. Except as otherwise expressly required by law, no publication of any notice of a meeting of the stockholders shall be required. Every notice of a meeting of the stockholders shall state the place, date and hour of the meeting, and, in the case of a special meeting, shall also state the purpose or purposes for which the meeting is called. Notice of any meeting of stockholders shall not be required to be given to any stockholder who shall have waived such notice and such notice shall be deemed waived by any stockholder who shall attend such meeting in person or by proxy, except as a stockholder who shall attend such meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Except as otherwise expressly required by law, notice of any adjourned meeting of the stockholders need not be given if the time and place thereof are announced at the meeting at which the adjournment is taken.

SECTION 2.05 Quorum. Except in the case of any meeting for the election of directors summarily ordered as provided by law, the holders of record of a majority in voting interest of the shares of stock of the Corporation entitled to be voted thereat, present in person or by proxy, shall constitute a quorum for the transaction of business at any meeting of the stockholders of the Corporation or any adjournment thereof. In the absence of a quorum at any meeting or any adjournment thereof, a majority in voting interest of the stockholders present in person or by proxy and entitled to vote thereat or, in the absence thereof of all the stockholders, any officer entitled to preside at, or to act as secretary of, such meeting may adjourn such meeting from time to time. At any such adjourned meeting at which a quorum is present any business may be transacted which might have been transacted at the meeting as originally called.

SECTION 2.06 Voting.

(a) Unless otherwise required by law or the Certificate of Incorporation, each stockholder shall, at each meeting of the stockholders, be entitled to vote in person or by proxy each share or fractional share of the stock of the Corporation having voting rights on the matter in question and which shall have been held by him and registered in his name on the books of the Corporation:

(i) on the date fixed pursuant to Section 6.05 of these Bylaws as the record date for the determination of stockholders entitled to notice of and to vote at such meeting, or

(ii) if no such record date shall have been so fixed, then (a) at the close of business on the day next preceding the day on which notice of the meeting shall be given or (b) if notice of the meeting shall be waived, at the close of business on the day next preceding the day on which the meeting shall be held.

(b) Any such voting rights may be exercised by the stockholder entitled thereto in person or by his proxy appointed by an instrument in writing, subscribed by such stockholder or by his attorney thereunto authorized and delivered to the secretary of the meeting; provided, however, that no proxy shall be voted or acted upon after three years from its date unless said proxy shall provide for a longer period. The attendance at any meeting of a stockholder who may theretofore have given a proxy shall not have the effect of revoking the same unless he shall in writing so notify the secretary of the meeting prior to the voting of the proxy. At any meeting of the stockholders all matters, except as otherwise provided in the Certificate of Incorporation, in these Bylaws or by law, shall be decided by the vote of a majority in voting interest of the stockholders present in person or by proxy and entitled to vote thereat and thereon, a quorum being present. The vote at any meeting of the stockholders on any question need not be by ballot, unless so directed by the chairman of the meeting. On a vote by ballot each ballot shall be signed by the stockholder voting, or by his proxy, if there be such proxy, and it shall state the number of shares voted.

SECTION 2.07 List of Stockholders. The Secretary of the Corporation shall prepare and make, at least ten (10) days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten (10) days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

SECTION 2.08 Judges. If at any meeting of the stockholders a vote by written ballot shall be taken on any question, the chairman of such meeting may appoint a judge or judges to act with respect to such vote. Each judge so appointed shall first subscribe an oath faithfully to execute the duties of a judge at such meeting with strict impartiality and according to the best of his ability. Such judges shall decide upon the qualification of the voters and shall report the number of shares represented at the meeting and entitled to vote on such question, shall conduct and accept the votes, and, when the voting is completed, shall ascertain and report the number of shares voted respectively for and against the question. Reports of judges shall be in writing and subscribed and delivered by them to the Secretary of the Corporation. The judges need not be stockholders of the Corporation, and any officer of the Corporation may be a judge on any question other than a vote for or against a proposal in which he shall have a material interest.

SECTION 2.09 Action Without Meeting. Any action required to be taken at any annual or special meeting of stockholders of the Corporation, or any action which may be taken at any annual or special meeting of such stockholders, may be taken without a meeting, without prior notice and without a vote, if a consent in writing, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted. Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing.

ARTICLE III

Board of Directors

SECTION 3.01 General Powers. The property, business and affairs of the Corporation shall be managed by the Board.

SECTION 3.02 Number and Term of Office. The number of directors shall be fixed by the Board of Directors from time to time. Directors need not be residents of Delaware or stockholders. Each of the directors of the Corporation shall hold office until his successor shall have been duly elected and shall qualify or until he shall resign or shall have been removed in the manner hereinafter provided. This number may be changed by a duly adopted amendment to the Certificate of Incorporation or by an amendment to this bylaw duly adopted by the vote or written consent of the holders of a majority of the stock issued and outstanding and entitled to vote or by resolution of a majority of the board of directors, except as may be otherwise specifically provided by statute or by the certificate of incorporation. No reduction of the authorized number of directors shall have the effect of removing any director before that director's term of office expires.

SECTION 3.03 Election of Directors. The directors shall be elected annually by the stockholders of the Corporation and the persons receiving the greatest number of votes, up to the number of directors to be elected, shall be the directors.

SECTION 3.04 Resignations. Any director of the Corporation may resign at any time by giving written notice to the Board or to the Secretary of the Corporation. Any such resignation shall take effect at the time specified therein, or, if the time be not specified, it shall take effect immediately upon its receipt; and unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

SECTION 3.05 Vacancies. Except as otherwise provided in the Certificate of Incorporation, any vacancy in the Board, whether because of death, resignation, disqualification, an increase in the number of directors, or any other cause, may be filled by vote of the majority of the remaining directors, although less than a quorum. Each director so chosen to fill a vacancy shall hold office until his successor shall have been elected and shall qualify or until he shall resign or shall have been removed in the manner hereinafter provided.

SECTION 3.06 Place of Meeting, Etc. The Board may hold any of its meetings at such place or places within or without the State of Delaware as the Board may from time to time by resolution designate or as shall be designated by the person or persons calling the meeting or in the notice or a waiver of notice of any such meeting. Directors may participate in any regular or special meeting of the Board by means of conference telephone or similar communications equipment pursuant to which all persons participating in the meeting of the Board can hear each other, and such participation shall constitute presence in person at such meeting.

SECTION 3.07 First Meeting. The Board shall meet as soon as practicable after each annual election of directors and notice of such first meeting shall not be required.

SECTION 3.08 Regular Meetings. Regular meetings of the Board may be held at such times as the Board shall from time to time by resolution determine. If any day fixed for a regular meeting shall be a legal holiday at the place where the meeting is to be held, then the meeting shall be held at the same hour and place on the next succeeding business day not a legal holiday. Except as provided by law, notice of regular meetings need not be given.

SECTION 3.09 Special Meetings. Special meetings of the Board shall be held whenever called by the President or a majority of the authorized number of directors. Except as otherwise provided by law or by these Bylaws, notice of the time and place of each such special meeting shall be mailed to each director, addressed to him at his residence or usual place of business, at least five (5) days before the day on which the meeting is to be held, or shall be sent to him at such place by facsimile or electronic mail (if receipt is confirmed) or be delivered personally not less than forty-eight (48) hours before the time at which the meeting is to be held. Except where otherwise required by law or by these Bylaws, notice of the purpose of a special meeting need not be given. Notice of any meeting of the Board shall not be required to be given to any director who is present at such meeting, except a director who shall attend such meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened.

SECTION 3.10 Quorum and Manner of Acting. Except as otherwise provided in these Bylaws or by law, the presence of a majority of the authorized number of directors shall be required to constitute a quorum for the transaction of business at any meeting of the Board, and all matters shall be decided at any such meeting, a quorum being present, by the affirmative votes of a majority of the directors present. In the absence of a quorum, a majority of directors present at any meeting may adjourn the same from time to time until a quorum shall be present. Notice of any adjourned meeting need not be given. The directors shall act only as a Board, and the individual directors shall have no power as such.

SECTION 3.11 Action by Consent. Any action required or permitted to be taken at any meeting of the Board or of any committee thereof may be taken without a meeting if a written consent thereto is signed by all members of the Board or of such committee, as the case

may be, and such written consent is filed with the minutes of proceedings of the Board or committee.

SECTION 3.12 Removal of Directors. Subject to the provisions of the Certificate of Incorporation, any director may be removed at any time, either with or without cause, by the affirmative vote of the stockholders having a majority of the voting power of the Corporation given at a special meeting of the stockholders called for the purpose.

SECTION 3.13 Compensation. The directors shall receive only such compensation for their services as directors as may be allowed by resolution of the Board. The Board may also provide that the Corporation shall reimburse each such director for any expense incurred by him on account of his attendance at any meetings of the Board or Committees of the Board. Neither the payment of such compensation nor the reimbursement of such expenses shall be construed to preclude any director from serving the Corporation or its subsidiaries in any other capacity and receiving compensation therefor.

SECTION 3.14 Committees. The Board may, by resolution passed by a majority of the whole Board, designate one or more committees, each committee to consist of one or more of the directors of the Corporation. Any such committee, to the extent provided in the resolution of the Board and except as otherwise limited by law, shall have and may exercise all the powers and authority of the Board in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it. Any such committee shall keep written minutes of its meetings and report the same to the Board at the next regular meeting of the Board. In the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the Board to act at the meeting in the place of any such absent or disqualified member.

ARTICLE IV

Officers

SECTION 4.01 Number. The officers of the Corporation shall a president, a chief financial officer, and a secretary. The corporation may also have, at the discretion of the board of directors, a chairman of the board, one or more assistant vice presidents, assistant secretaries, and any such other officers as may be appointed in accordance with the provisions of these bylaws. Any number of offices may be held by the same person.

SECTION 4.02 Election, Term of Office and Qualifications. The officers of the Corporation, except such officers as may be appointed in accordance with Section 4.03, shall be elected annually by the Board at the first meeting thereof held after the election thereof. Each officer shall hold office until his successor shall have been duly chosen and shall qualify or until his resignation or removal in the manner hereinafter provided.

SECTION 4.03 Assistants, Agents and Employees, Etc. In addition to the officers specified in Section 4.01, the Board may appoint other assistants, agents and employees as it may deem necessary or advisable, including one or more Assistant Secretaries, and one or more Assistant Chief Financial Officers, each of whom shall hold office for such period, have such authority, and perform such duties as the Board may from time to time determine. The Board may delegate to any officer of the Corporation or any committee of the Board the power to appoint, remove and prescribe the duties of any such assistants, agents or employees.

SECTION 4.04 Removal. Any officer, assistant, agent or employee of the Corporation may be removed, with or without cause, at any time: (i) in the case of an officer, assistant, agent or employee appointed by the Board, only by resolution of the Board; and (ii) in the case of an officer, assistant, agent or employee, by any officer of the Corporation or committee of the Board upon whom or which such power of removal may be conferred by the Board.

SECTION 4.05 Resignations. Any officer or assistant may resign at any time by giving written notice of his resignation to the Board or the Secretary of the Corporation. Any such resignation shall take effect at the time specified therein, or, if the time be not specified, upon receipt thereof by the Board or the Secretary, as the case may be; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

SECTION 4.06 Vacancies. A vacancy in any office because of death, resignation, removal, disqualification, or other cause, may be filled for the unexpired portion of the term thereof in the manner prescribed in these Bylaws for regular appointments or elections to such office.

SECTION 4.07 The President. The President of the Corporation shall be the chief executive officer of the Corporation and shall have, subject to the control of the Board, general and active supervision and management over the business of the Corporation and over its several officers, assistants, agents and employees.

SECTION 4.08 The Vice Presidents. Each Vice President shall have such powers and perform such duties as the Board may from time to time prescribe. At the request of the President, or in case of the President's absence or inability to act upon the request of the Board, a Vice President shall perform the duties of the President and when so acting, shall have all the powers of, and be subject to all the restrictions upon, the President.

SECTION 4.09 The Secretary. The Secretary shall, if present, record the proceedings of all meetings of the Board, of the stockholders, and of all committees of which a secretary shall not have been appointed in one or more books provided for that purpose; he shall see that all notices are duly given in accordance with these Bylaws and as required by law; he shall be custodian of the seal of the Corporation and shall affix and attest the seal to all documents to be executed on behalf of the Corporation under its seal; and, in general, he shall perform all the duties incident to the office of Secretary and such other duties as may from time to time be assigned to him by the Board.

SECTION 4.10 The Chief Financial Officer. The Chief Financial Officer shall have the general care and custody of the funds and securities of the Corporation, and shall deposit all such funds in the name of the Corporation in such banks, trust companies or other depositories as shall be selected by the Board. He shall receive, and give receipts for, moneys due and payable to the Corporation from any source whatsoever. He shall exercise general supervision over expenditures and disbursements made by officers, agents and employees of the Corporation and the preparation of such records and reports in connection therewith as may be necessary or desirable. He shall, in general, perform all other duties incident to the office of Chief Financial Officer and such other duties as from time to time may be assigned to him by the Board.

SECTION 4.11 Compensation. The compensation of the officers of the Corporation shall be fixed from time to time by the Board. None of such officers shall be prevented from receiving such compensation by reason of the fact that he is also a director of the Corporation. Nothing contained herein shall preclude any officer from serving the Corporation, or any subsidiary corporation, in any other capacity and receiving such compensation by reason of the fact that he is also a director of the Corporation. Nothing contained herein shall preclude any officer from serving the Corporation, or any subsidiary corporation, in any other capacity and receiving proper compensation therefor.

ARTICLE V

Contracts, Checks, Drafts, Bank Accounts, Etc.

SECTION 5.01 Execution of Contracts. The Board, except as in these By-laws otherwise provided, may authorize any officer or officers, agent or agents, to enter into any contract or execute any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances; and unless so authorized by the Board or by these Bylaws, no officer, agent or employee shall have any power or authority to bind the Corporation by any contract or engagement or to pledge its credit or to render it liable for any purpose or in any amount.

SECTION 5.02 Checks, Drafts, Etc. All checks, drafts or other orders for payment of money, notes or other evidence of indebtedness, issued in the name of or payable to the Corporation, shall be signed or endorsed by such person or persons and in such manner as, from time to time, shall be determined by resolution of the Board. Each such officer, assistant, agent or attorney shall give such bond, if any, as the Board may require.

SECTION 5.03 Deposits. All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories as the Board may select, or as may be selected by any officer or officers, assistant or assistants, agent or agents, or attorney or attorneys of the Corporation to whom such power shall have been delegated by the Board. For the purpose of deposit and for the purpose of collection for the account of the Corporation, the President, any Vice President or the Chief

Financial Officer (or any other officer or officers, assistant or assistants, agent or agents, or attorney or attorneys of the Corporation who shall from time to time be determined by the Board) may endorse, assign and deliver checks, drafts and other orders for the payment of money which are payable to the order of the Corporation.

SECTION 5.04 General and Special Bank Accounts. The Board may from time to time authorize the opening and keeping of general and special bank accounts with such banks, trust companies or other depositories as the Board may select or as may be selected by any officer or officers, assistant or assistants, agent or agents, or attorney or attorneys of the Corporation to whom such power shall have been delegated by the Board. The Board may make such special rules and regulations with respect to such bank accounts, not inconsistent with the provisions of these Bylaws, as it may deem expedient.

ARTICLE VI

Shares and Their Transfer

SECTION 6.01 Certificates for Stock; Uncertificated Stock. Shares of stock of the Corporation may be certificated or uncertificated, as provided under the General Corporation Law of the State of Delaware. In the sole discretion of the Corporation, the Corporation may choose to provide the owners of stock of the Corporation with a certificate or certificates, to be in such form as the Board shall prescribe, certifying the number and class of shares of the stock of the Corporation owned by him. The certificates representing shares of such stock shall be numbered in the order in which they shall be issued and shall be signed in the name of the Corporation by the President or a Vice President, and by the Secretary or an Assistant Secretary or by the Chief Financial Officer or an Assistant Chief Financial Officer. Any of or all of the signatures on the certificates may be a facsimile. In case any officer, transfer agent or registrar who has signed, or whose facsimile signature has been placed upon, any such certificate, shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, such certificate may nevertheless be issued by the Corporation with the same effect as though the person who signed such certificate, or whose facsimile signature shall have been placed thereupon, were such officer, transfer agent or registrar at the date of issue. A record shall be kept of the respective names of the persons, firms or corporations owning the stock of the Corporation, the number and class of shares held by such persons, firms, or corporation, and the respective dates of issuance, and in case of cancellation, the respective dates of cancellation. Every share of stock surrendered to the Corporation for exchange or transfer shall be canceled and neither a new certificate or certificates nor uncertificated shares of stock shall be issued in exchange thereof until such stock shall have been so canceled, except in cases provided for in Section 6.04.

SECTION 6.02 Transfers of Stock. Transfers of shares of stock of the Corporation shall be made only on the books of the Corporation by the registered holder thereof, or by his attorney thereunto authorized by power of attorney duly executed and filed with the Secretary, or with a transfer clerk or a transfer agent appointed as provided in Section 6.03, and upon payment of all taxes thereon and, in the case of certificated shares, surrender of the certificate or

certificates for such shares properly endorsed or, in the case of uncertificated shares of stock, compliance with appropriate procedures for transferring shares in uncertificated form. The person in whose name shares of stock stand on the books of the Corporation shall be deemed the owner thereof for all purposes as regards the Corporation. Whenever any transfer of shares shall be made for collateral security, and not absolutely, such fact shall be so expressed in the entry of transfer if, when the certificate or certificates shall be presented to the Corporation for transfer, both the transferor and the transferee request the Corporation to do so.

SECTION 6.03 Regulations. The Board may make such rules and regulations as it may deem expedient, not inconsistent with these Bylaws, concerning the issue, transfer and registration of shares of the stock of the Corporation. It may appoint, or authorize any officer or officers to appoint, one or more transfer clerks or one or more transfer agents and one or more registrars, and may require all certificates for stock to bear the signature or signatures of any of them.

SECTION 6.04 Lost, Stolen, Destroyed, and Mutilated Certificates. In any case of loss, theft, destruction, or mutilation of any certificate of stock, another may be issued in its place, or uncertificated shares of stock may be issued, upon proof of such loss, theft, destruction, or mutilation and upon the giving of a bond of indemnity to the Corporation in such form and in such sum as the Board may direct; provided, however, that a new certificate or uncertificated stock may be issued without requiring any bond when, in the judgment of the Board, it is proper so to do.

SECTION 6.05 Fixing Date for Determination of Stockholders of Record. Subject to the provisions of the Certificate of Incorporation, in order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any other change, conversion or exchange of stock or for the purpose of any other lawful action, the Board may fix, in advance, a record date, which shall not be more than 60 nor less than 10 days before the date of such meeting, nor more than 60 days prior to any other action. If in any case involving the determination of stockholders for any purpose other than notice of or voting at a meeting of stockholders or expressing consent to corporate action without a meeting the Board shall not fix such a record date, the record date for determining stockholders for such purpose shall be the close of business on the day on which the Board shall adopt the resolution relating thereto. A determination of stockholders entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of such meeting; provided, however, that the Board may fix a new record date for the adjourned meeting.

SECTION 6.06 Right of First Refusal. No stockholder shall sell, transfer, assign, pledge, or otherwise dispose of or encumber any shares of common stock of the corporation or any right or interest therein, whether voluntarily or by operation of law, or by gift or otherwise (each, a "Transfer"), except by a transfer which meets the requirements set forth in this Section 6.06:

(a) If the stockholder desires to transfer any shares of stock, then the stockholder shall first give written notice thereof to the corporation. The notice shall name the proposed transferee and state the number of shares to be transferred, the proposed consideration, and all other terms and conditions of the proposed transfer.

(b) For thirty (30) days following receipt of such notice, the corporation shall have the option to purchase all (but not less than all) of the shares specified in the notice at the price and upon the terms set forth in such notice; provided, however, that, with the consent of the stockholder, the corporation shall have the option to purchase a lesser portion of the shares specified in said notice at the price and upon the terms set forth therein. In the event of a gift, property settlement or other Transfer in which the proposed transferee is not paying the full price for the shares, and that is not otherwise exempted from the provisions of this Section 6.06, the price shall be deemed to be the fair market value of the stock at such time as determined in good faith by the Board of Directors. In the event the corporation elects to purchase all of the shares or, with consent of the stockholder, a lesser portion of the shares, it shall give written notice to the transferring stockholder of its election and settlement for said shares shall be made as provided below in paragraph (d).

(c) The corporation may assign its rights hereunder.

(d) In the event the corporation and/or its assignee(s) elect to acquire any of the shares of stock of the transferring stockholder as specified in said transferring stockholder's notice, the Secretary of the corporation shall so notify the transferring stockholder and settlement thereof shall be made in cash within thirty (30) days after the Secretary of the corporation receives said transferring stockholder's notice; provided that if the terms of payment set forth in said transferring stockholder's notice were other than cash against delivery, the corporation and/or its assignee(s) shall pay for said shares on the same terms and conditions set forth in said transferring stockholder's notice.

(e) In the event the corporation and/or its assignees(s) do not elect to acquire all of the shares specified in the transferring stockholder's notice, said transferring stockholder may, within the sixty-day period following the expiration or waiver of the option rights granted to the corporation and/or its assignees(s) herein, transfer the shares specified in said transferring stockholder's notice which were not acquired by the corporation and/or its assignees(s) as specified in said transferring stockholder's notice. All shares so sold by said transferring stockholder shall continue to be subject to the provisions of this bylaw in the same manner as before said transfer.

(f) Anything to the contrary contained herein notwithstanding, the following transactions shall be exempt from the provisions of this bylaw:

(1) A stockholder's transfer of any or all shares held either during such stockholder's lifetime or on death by will or intestacy to (A) such stockholder's

immediate family, (B) any custodian or trustee for the account of such stockholder or such stockholder's immediate family or (C) any trust, partnership or other entity of which such stockholder, members of such stockholder's immediate family or any trust for the account of such stockholder or such stockholder's immediate family are the sole stockholders, members, partners, beneficiaries or other equity holders. The term "immediate family" as used herein shall mean spouse, domestic partner, lineal descendant or antecedent, father, mother, brother, sister or stepchild (whether or not adopted) of the stockholder making such Transfer.

(2) A stockholder's transfer of any or all of such stockholder's shares to the corporation or to any other stockholder of the corporation.

(3) A transfer by a stockholder that is a trust, partnership or entity to its stockholders, members, partners, beneficiaries or other equity holders.

In any such case, the transferee, assignee, or other recipient shall receive and hold such stock subject to the provisions of this Sections 6.06, and there shall be no further transfer of such shares of common stock except in accord with such bylaws.

(g) The provisions of this bylaw may be waived with respect to any transfer either by the corporation, upon duly authorized action of its Board of Directors, or by the stockholders, upon the express written consent of the owners of a majority of the voting power of the corporation (excluding the votes represented by those shares to be transferred by the transferring stockholder). This bylaw may be amended or repealed either by a duly authorized action of the Board of Directors or by the stockholders, upon the express written consent of the owners of a majority of the voting power of the corporation.

(h) Any transfer, or purported transfer, of securities of the corporation shall be null and void unless the terms, conditions, and provisions of this bylaw are strictly observed and followed.

(i) The foregoing right of first refusal shall terminate on the date securities of the corporation are first offered to the public pursuant to a registration statement filed with, and declared effective by, the SEC under the Securities Act of 1933, as amended.

(j) The certificates representing shares of stock shall bear on their face the following legend so long as the foregoing right of first refusal remains in effect:

"THE SHARES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO A RIGHT OF FIRST REFUSAL OPTION IN FAVOR OF THE CORPORATION AND/OR ITS ASSIGNEE(S), AS PROVIDED IN THE BYLAWS OF THE CORPORATION."

(k) The provisions of this Section 6.06 shall not apply to any transfer of shares of preferred stock of the corporation or the shares of stock issued or issuable upon conversion

thereof.

(1) To the extent this Section 6.06 conflicts with any written agreement between the Company and the stockholder attempting to transfer shares, such agreement shall control.

ARTICLE VII

Indemnification

SECTION 7.01 Action, Etc. Other Than by or in the Right of the Corporation. The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation) by reason of the fact that he is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation, and with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, that he had reasonable cause to believe that his conduct was unlawful.

SECTION 7.02 Actions, Etc., by or in the Right of the Corporation. The Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that he is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses (including attorneys' fees) actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation, except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the Corporation unless and only to the extent that the Court of Chancery or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

SECTION 7.03 Determination of Right of Indemnification. Any indemnification under Section 7.01 or 7.02 (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the director, officer, employee or agent is proper in the circumstances because he has met the applicable standard of conduct set forth in Section 7.01 and 7.02. Such determination shall be made (i) by the Board by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (ii) if such a quorum is not obtainable, or, even if obtainable a quorum of disinterested directors so directs, by independent legal counsel in a written opinion, or (iii) by the stockholders. For purposes of any determination under this Article VII, a person shall be deemed to have acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the Corporation, or, with respect to any criminal action or proceeding, to have had no reasonable cause to believe his or her conduct was unlawful, if his or her action is based on the records or books of account of the Corporation or another enterprise, or on information supplied to him or her by the officers of the Corporation or another enterprise in the course of their duties, or on the advice of legal counsel for the Corporation or another enterprise or on information or records given or reports made to the Corporation or another enterprise by an independent certified public accountant or by an appraiser or other expert selected with reasonable care by the Corporation or another enterprise. The term "another enterprise" as used in this Section 7.03 shall mean any other corporation or any partnership, joint venture, trust, employee benefit plan or other enterprise of which such person is or was serving at the request of the Corporation as a director, officer, employee or agent. The provisions of this Section 7.03 shall not be deemed to be exclusive or to limit in any way the circumstances in which a person may be deemed to have met the applicable standard of conduct set forth in Sections 7.01 or 7.02 of this Article VII, as the case may be.

SECTION 7.04 Indemnification Against Expenses of Successful Party. Notwithstanding the other provisions of this Article, to the extent that a director, officer, employee or agent of the Corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in Section 7.01 or 7.02, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith.

SECTION 7.05 Prepaid Expenses. Expenses incurred by an officer or director in defending a civil or criminal action, suit or proceeding may be paid by the Corporation in advance of the final disposition of such action, suit or proceeding as authorized by the Board in the specific case upon receipt of an undertaking by or on behalf of the director or officer to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the Corporation as authorized in this Article. Such expenses incurred by other employees and agents may be so paid upon such terms and conditions, if any, as the Board deems appropriate.

SECTION 7.06 Other Rights and Remedies. The indemnification provided by this Article shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any Bylaws, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in his official capacity and as to action in another capacity while

holding such office, and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

SECTION 7.07 Insurance. Upon resolution passed by the Board, the Corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Corporation would have the power to indemnify him against such liability under the provisions of this Article.

SECTION 7.08 Constituent Corporations. For the purposes of this Article, references to "the Corporation" include all constituent corporations absorbed in a consolidation or merger as well as the resulting or surviving corporation, so that any person who is or was a director, officer, employee or agent of such a constituent corporation or is or was serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise shall stand in the same position under the provisions of this Article with respect to the resulting or surviving corporation as he would if he had served the resulting or surviving corporation in the same capacity.

SECTION 7.09 Other Enterprises, Fines, and Serving at Corporation's Request. For purposes of this Article, references to "other enterprises" shall include employee benefit plans; references to "fines" shall include any excise taxes assessed on a person with respect to any employee benefit plan; and references to "serving at the request of the Corporation" shall include any service as a director, officer, employee or agent of the corporation which imposes duties on, or involves services by, such director, officer, employee, or agent with respect to an employee benefit plan, its participants, or beneficiaries; and a person who acted in good faith and in a manner he reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the Corporation" as referred to in this Article.

ARTICLE VIII

Miscellaneous

SECTION 8.01 Seal. The Board shall provide a corporate seal, which shall be in the form of a circle and shall bear the name of the Corporation and words and figures showing that the Corporation was incorporated in the State of Delaware and the year of incorporation.

SECTION 8.02 Waiver of Notices. Whenever notice is required to be given by these Bylaws or the Certificate of Incorporation or by law, the person entitled to said notice may waive such notice in writing, either before or after the time stated therein, and such waiver shall be deemed equivalent to notice.

SECTION 8.03 Amendments. Except as otherwise provided herein and subject to the provisions of the Certificate of Incorporation, these Bylaws, or any of them, may be altered, amended or repealed, and new Bylaws may be made, (i) by the Board, by vote of a majority of the number of directors then in office as directors, acting at any meeting of the Board, or (ii) by the stockholders, at any annual meeting of stockholders, without previous notice, or at any special meeting of stockholders, provided that notice of such proposed amendment, modification, repeal or adoption is given in the notice of special meeting. Any Bylaws made or altered by the stockholders may be altered or repealed by either the Board or the stockholders.

[END OF BYLAWS]

CERTIFICATE OF SECRETARY

I, the undersigned, do hereby certify:

1. That I am the duly elected and acting Secretary of HYDROHAUS HOLDINGS (US), INC., a Delaware corporation; and
2. That the foregoing bylaws, comprising sixteen (16) pages, not including this page, constitute the bylaws of said Corporation as duly adopted by action of the directors of the Corporation duly taken on September 1, 2018.

IN WITNESS WHEREOF, I have executed this Certificate as Secretary of the Corporation as of September 1, 2018.



Ingo Mueller, Secretary

Delaware

The First State

Page 1

I, JEFFREY W. BULLOCK, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF AMENDMENT OF "HYDROHAUS HOLDINGS (US), INC.", CHANGING ITS NAME FROM "HYDROHAUS HOLDINGS (US), INC." TO "WEST PENDER HOLDINGS, INC.", FILED IN THIS OFFICE ON THE THIRTY-FIRST DAY OF JANUARY, A.D. 2020, AT 8:09 O'CLOCK A.M.

A FILED COPY OF THIS CERTIFICATE HAS BEEN FORWARDED TO THE KENT COUNTY RECORDER OF DEEDS.



7039859 8100
SR# 20200699922

You may verify this certificate online at corp.delaware.gov/authver.shtml

A handwritten signature in black ink, appearing to read "JB", is written over a horizontal line. Below the line, the text "Jeffrey W. Bullock, Secretary of State" is printed.

Authentication: 202311181
Date: 02-03-20

STATE OF DELAWARE
CERTIFICATE OF AMENDMENT
TO CERTIFICATE OF INCORPORATION

HydroHaus Holdings (US), Inc. ("**Corporation**"), a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware does hereby certify:

FIRST: That at a meeting of the Board of Directors of the Corporation, a resolution was duly adopted setting forth a proposed amendment to the Certificate of Incorporation of the Corporation, declaring said amendment to be advisable. The resolution setting forth the proposed amendment is as follows:

RESOLVED, that the Certificate of Incorporation of the Corporation be amended by changing ARTICLE ONE, so that, as amended, said ARTICLE ONE shall be and read as follows:

ARTICLE ONE

The name of this Corporation is West Pender Holdings, Inc.

SECOND: That neither the Certificate of Incorporation nor the Bylaws of the Corporation expressly require a meeting or vote of stockholders to change the name of the Corporation.

THIRD: That the foregoing amendment was duly adopted in accordance with the provisions of Section 242 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Amendment of Certificate of Incorporation to be executed by a duly authorized officer this 30th day of January 2020.

By: /s/ Ingo Mueller
Name: Ingo Mueller
Title: Chief Executive Officer

State of Delaware
Secretary of State
Division of Corporations
Delivered 08:09 AM 01/31/2020
FILED 08:09 AM 01/31/2020
SR 20200699922 - FileNumber 7039859

AGRIFORCE GROWING SYSTEMS LTD.

(the “COMPANY”)

AMENDED AND RESTATED STOCK OPTION PLAN

Amended by the directors of the Company effective September 8, 2020

Approved by the shareholders of the Company on September 25, 2020

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STOCK OPTION PLAN**SECTION 1
DEFINITIONS AND INTERPRETATION****1.1 Definitions**

As used herein, unless there is something in the subject matter or context inconsistent therewith, the following terms shall have the meanings set forth below:

- (a) “**Administrator**” means such Executive or Employee of the Company as may be designated as Administrator by the Committee from time to time, or, if no such person is appointed, the Committee itself.
 - (b) “**Associate**” means, where used to indicate a relationship with any person:
 - (i) any relative, including the spouse of that person or a relative of that person’s spouse, where the relative has the same home as the person;
 - (ii) any partner, other than a limited partner, of that person;
 - (iii) any trust or estate in which such person has a substantial beneficial interest or as to which such person serves as trustee or in a similar capacity; and
 - (iv) any corporation of which such person beneficially owns or controls, directly or indirectly, voting securities carrying more than 10% of the voting rights attached to all outstanding voting securities of the corporation.
 - (c) “**Black-Out**” means a restriction imposed by the Company on all or any of its directors, officers, employees, insiders or persons in a special relationship whereby they are to refrain from trading in the Company’s securities until the restriction has been lifted by the Company.
 - (d) “**Board**” means the board of directors of the Company.
 - (e) “**Change of Control**” means an occurrence when either:
 - (i) a Person or Entity, other than the current “control person” of the Company (as that term is defined in the Securities Act), becomes a “control person” of the Company; or
 - (ii) a majority of the directors elected at any annual or extraordinary general meeting of shareholders of the Company are not individuals nominated by the Company’s then-incumbent Board.
 - (f) “**Code**” means the United States Internal Revenue Code of 1986, as amended, and any regulations thereunder.
 - (g) “**Committee**” means a committee of the Board to which the responsibility of approving the grant of stock options has been delegated, or if no such committee is appointed, the Board itself.
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- (h) **“Common Shares”** means common shares of the Company.
 - (i) **“Company”** means Agriforce Growing Systems Ltd.;
 - (j) **“Consultant”** means an individual who:
 - (i) is engaged to provide, on an ongoing bona fide basis, consulting, technical, management or other services to the Company or any Subsidiary other than services provided in relation to a “distribution” (as that term is described in the Securities Act);
 - (ii) provides the services under a written contract between the Company or any Subsidiary and the individual or a Consultant Entity (as defined in clause (i)(v) below);
 - (iii) in the reasonable opinion of the Company, spends or will spend a significant amount of time and attention on the affairs and business of the Company or any Subsidiary; and
 - (iv) has a relationship with the Company or any Subsidiary that enables the individual to be knowledgeable about the business and affairs of the Company or is otherwise permitted by applicable Regulatory Rules to be granted Options as a Consultant or as an equivalent thereof,
 and includes:
 - (v) a corporation of which the individual is an employee or shareholder or a partnership of which the individual is an employee or partner (a “Consultant Entity”); or
 - (vi) an RRSP or RRIF established by or for the individual under which he or she is the beneficiary.
 - (k) **“Disability”** means a medically determinable physical or mental impairment expected to result in death or to last for a continuous period of not less than 12 months, and which causes an individual to be unable to engage in any substantial gainful activity, or any other condition of impairment that the Committee, acting reasonably, determines constitutes a disability.
 - (l) **“Employee”** means:
 - (i) an individual who works full-time or part-time for the Company or any Subsidiary and such other individual as may, from time to time, be permitted by applicable Regulatory Rules to be granted Options as an employee or as an equivalent thereto; or
 - (ii) an individual who works for the Company or any Subsidiary either full-time or on a continuing and regular basis for a minimum amount of time per week providing services normally provided by an employee and who is subject to the same control and direction by the Company or any Subsidiary over the details and methods of work as an employee of the Company or any Subsidiary, but for whom income tax deductions are not made at source,
-

and includes:

- (iii) a corporation wholly-owned by such individual; and
 - (iv) any RRSP or RRIF established by or for such individual under which he or she is the beneficiary.
- (m) **“Exchange”** means the stock exchange upon which the Common Shares principally trade.
- (n) **“Executive”** means an individual who is a director or officer of the Company or a Subsidiary, and includes:
- (i) a corporation wholly-owned by such individual; and
 - (ii) any RRSP or RRIF established by or for such individual under which he or she is the beneficiary.
- (o) **“Exercise Notice”** means the written notice of the exercise of an Option, in the form set out as Schedule B hereto, duly executed by the Option Holder.
- (p) **“Exercise Period”** means the period during which a particular Option may be exercised and is the period from and including the Grant Date through to and including the Expiry Time on the Expiry Date provided, however, that no Option can be exercised unless and until all necessary Regulatory Approvals have been obtained.
- (q) **“Exercise Price”** means the price at which an Option is exercisable as determined in accordance with section 5.3.
- (r) **“Expiry Date”** means the date the Option expires as set out in the Option Certificate or as otherwise determined in accordance with sections 5.4, 6.2, 6.3, 6.4 or 11.4.
- (s) **“Expiry Time”** means the time the Option expires on the Expiry Date, which is 4:00 p.m. local time in Vancouver, British Columbia, Canada on the Expiry Date.
- (t) **“Grant Date”** means the date on which the Committee grants a particular Option, which is the date the Option comes into effect provided however that no Option can be exercised unless and until all necessary Regulatory Approvals have been obtained.
- (u) **“Incentive Stock Option”** means an Option that is labelled or described as an Incentive Stock Option and which qualifies as an Incentive Stock Option within the meaning of Section 422(b) of the Code.
- (v) **“Insider”** means an insider as that term is defined in the *Securities Act*.
- (w) **“Market Value”** means the market value of the Common Shares as determined in accordance with section 5.3.
- (x) **“Non-Statutory Stock Option”** means an Option granted to a Holder who is a resident of the United States which is not intended to be or does not qualify as an Incentive Stock Option.
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- (y) “**Option**” means a share purchase option granted pursuant to this Plan entitling the Option Holder to purchase Shares of the Company, and includes Incentive Stock Options and Non-Statutory Stock Options.
 - (z) “**Option Certificate**” means the certificate, in substantially the form set out as Schedule A hereto, evidencing the Option.
 - (aa) “**Option Holder**” means a Person or Entity who holds an unexercised and unexpired Option or, where applicable, the Personal Representative of such person.
 - (bb) “**Outstanding Issue**” means the aggregate number of Common Shares and Series A Preferred Shares, taken together, that are outstanding (on a non-diluted basis) immediately prior to the Common Share issuance or grant of Option in question.
 - (cc) “**Person or Entity**” means an individual, natural person, corporation, government or political subdivision or agency of a government, and where two or more persons act as a partnership, limited partnership, syndicate or other group for the purpose of acquiring, holding or disposing of securities of an issuer, such partnership, limited partnership, syndicate or group shall be deemed to be a Person or Entity.
 - (dd) “**Personal Representative**” means:
 - (i) in the case of a deceased Option Holder, the executor or administrator of the deceased duly appointed by a court or public authority having jurisdiction to do so; and
 - (ii) in the case of an Option Holder who for any reason is unable to manage his or her affairs, the person entitled by law to act on behalf of such Option Holder.
 - (ee) “**Plan**” means this Common Share stock option plan as from time to time amended.
 - (ff) “**Pre-Existing Options**” has the meaning ascribed thereto in section 4.1.
 - (gg) “**Regulatory Approvals**” means any necessary approvals of the Regulatory Authorities as may be required from time to time for the implementation, operation or amendment of this Plan or for the Options granted from time to time hereunder.
 - (hh) “**Regulatory Authorities**” means all organized trading facilities on which the Shares are listed, and all securities commissions or similar securities regulatory bodies having jurisdiction over the Company, this Plan or the Options granted from time to time hereunder.
 - (ii) “**Regulatory Rules**” means all corporate and securities laws, regulations, rules, policies, notices, instruments and other orders of any kind whatsoever which may, from time to time, apply to the implementation, operation or amendment of this Plan or the Options granted from time to time hereunder including, without limitation, those of the applicable Regulatory Authorities.
 - (jj) “**Securities Act**” means the *Securities Act* (British Columbia), RSBC 1996, c.418 as from time to time amended.
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- (kk) **“Share”** or **“Shares”** means, as the case may be, one or more Common Shares without par value in the capital stock of the Company.
- (ll) **“Subsidiary”** means a wholly-owned or controlled subsidiary corporation of the Company.
- (mm) **“Ten Percent Shareholder Participant”** means a Holder to whom an Incentive Stock Option is granted pursuant to the provisions of the Plan who is, on the date of the grant, the owner of stock (as determined under Section 424(d) of the Code) possessing more than 10% of the total combined voting power of all classes of stock of the Company or its parent, if any, or its subsidiary corporations (as defined in Code Section 424(e)).
- (nn) **“Triggering Event”** means:
- (i) the proposed dissolution, liquidation or wind-up of the Company;
 - (ii) a proposed merger, amalgamation, arrangement or reorganization of the Company with one or more corporations as a result of which, immediately following such event, the shareholders of the Company as a group, as they were immediately prior to such event, are expected to hold less than a majority of the outstanding capital stock of the surviving corporation;
 - (iii) the proposed acquisition of all or substantially all of the issued and outstanding shares of the Company by one or more Persons or Entities;
 - (iv) a proposed Change of Control of the Company;
 - (v) the proposed sale or other disposition of all or substantially all of the assets of the Company; or
 - (vi) a proposed material alteration of the capital structure of the Company which, in the opinion of the Committee, is of such a nature that it is not practical or feasible to make adjustments to this Plan or to the Options granted hereunder to permit the Plan and Options granted hereunder to stay in effect.
- (oo) **“Vest”** or **“Vesting”** means that a portion of the Option granted to the Option Holder which is available to be exercised by the Option Holder at any time and from time to time.

1.2 Choice of Law

The Plan is established under, and the provisions of the Plan shall be subject to and interpreted and construed solely in accordance with, the laws of the Province of British Columbia and the laws of Canada applicable therein without giving effect to the conflicts of laws principles thereof and without reference to the laws of any other jurisdiction. The Company and each Option Holder hereby attorn to the jurisdiction of the Courts of British Columbia.

1.3 Headings

The headings used herein are for convenience only and are not to affect the interpretation of the Plan.

SECTION 2
GRANT OF OPTIONS

2.1 Grant of Options

The Committee shall, from time to time in its sole discretion, grant Options to such Persons or Entities and on such terms and conditions as are permitted under this Plan.

2.2 Record of Option Grants

The Committee shall be responsible to maintain a record of all Options granted under this Plan and such record shall contain, in respect of each Option:

- (a) the name and address of the Option Holder;
- (b) the category (Executive, Employee or Consultant) under which the Option was granted to him, her or it;
- (c) the designation of Options as Incentive Stock Options or Non-Statutory Options, as applicable;
- (d) the Grant Date and Expiry Date of the Option;
- (e) the number of Shares which may be acquired on the exercise of the Option and the Exercise Price of the Option;
- (f) the vesting and other additional terms, if any, attached to the Option; and
- (g) the particulars of each and every time the Option is exercised.

2.3 Effect of Plan

All Options granted pursuant to the Plan shall be subject to the terms and conditions of the Plan notwithstanding the fact that the Option Certificates issued in respect thereof do not expressly contain such terms and conditions but instead incorporate them by reference to the Plan. The Option Certificates will be issued for convenience only and in the case of a dispute with regard to any matter in respect thereof, the provisions of the Plan and the records of the Company shall prevail over the terms and conditions in the Option Certificate, save and except as noted below. Each Option will also be subject to, in addition to the provisions of the Plan, the terms and conditions contained in the schedules, if any, attached to the Option Certificate for such Option. Should the terms and conditions contained in such schedules be inconsistent with the provisions of the Plan, such terms and conditions will supersede the provisions of the Plan.

SECTION 3
PURPOSE AND PARTICIPATION

3.1 Purpose of Plan

The purpose of the Plan is to provide the Company with a share-related mechanism to attract, retain and motivate qualified Executives, Employees and Consultants to contribute toward the long term goals of the Company, and to encourage such individuals to acquire Shares of the Company as long term investments.

3.2 Participation in Plan

The Committee shall, from time to time and in its sole discretion, determine those Executives, Employees and Consultants to whom Options are to be granted.

3.3 Limits on Option Grants

The following limitations shall apply to the Plan and all Options thereunder:

- (a) the maximum number of Options which may be granted to any one Option Holder under the Plan within any 12 month period shall be 5% of the Outstanding Issue (unless the Company has obtained disinterested shareholder approval if required by Regulatory Rules);
- (b) if required by Regulatory Rules, disinterested shareholder approval is required to the grant to Insiders, within a 12 month period, of a number of Options which, when added to the number of outstanding incentive stock options granted to Insiders within the previous 12 months, exceed 10% of the Outstanding Issue;
- (c) with respect to section 5.1, the Expiry Date of an Option shall be no later than the tenth anniversary of the Grant Date of such Option;
- (d) the maximum number of Options which may be granted to any one Consultant within any 12 month period must not exceed 2% of the Outstanding Issue; and
- (e) the maximum number of Options which may be granted within any 12 month period to Employees or Consultants engaged in investor relations activities must not exceed 2% of the Outstanding Issue and such options must vest in stages over 12 months with no more than 25% of the Options vesting in any three month period, and such limitation will not be an amendment to this Plan requiring the Option Holders consent under section 9.2 of this Plan.

3.4 Notification of Grant

Following the granting of an Option, the Administrator shall, within a reasonable period of time, notify the Option Holder in writing of the grant and shall enclose with such notice the Option Certificate representing the Option so granted. In no case will the Company be required to deliver an Option Certificate to an Option Holder until such time as the Company has obtained all necessary Regulatory Approvals for the grant of the Option.

3.5 Copy of Plan

Each Option Holder, concurrently with the notice of the grant of the Option, shall be provided with a copy of the Plan. A copy of any amendment to the Plan shall be promptly provided by the Administrator to each Option Holder.

3.6 Limitation on Service

The Plan does not give any Option Holder that is an Executive the right to serve or continue to serve as an Executive of the Company or any Subsidiary, nor does it give any Option Holder that is an Employee or Consultant the right to be or to continue to be employed or engaged by the Company or any Subsidiary.

3.7 No Obligation to Exercise

Option Holders shall be under no obligation to exercise Options.

3.8 Agreement

The Company and every Option Holder granted an Option hereunder shall be bound by and subject to the terms and conditions of this Plan. By accepting an Option granted hereunder, the Option Holder has expressly agreed with the Company to be bound by the terms and conditions of this Plan. In the event that the Option Holder receives his, her or its Options pursuant to an oral or written agreement with the Company or a Subsidiary, whether such agreement is an employment agreement, consulting agreement or any other kind of agreement of any kind whatsoever, the Option Holder acknowledges that in the event of any inconsistency between the terms relating to the grant of such Options in that agreement and the terms attaching to the Options as provided for in this Plan, the terms provided for in this Plan shall prevail and the other agreement shall be deemed to have been amended accordingly.

3.9 Notice

Any notice, delivery or other correspondence of any kind whatsoever to be provided by the Company to an Option Holder will be deemed to have been provided if provided to the last home address, fax number or email address of the Option Holder in the records of the Company and the Company shall be under no obligation to confirm receipt or delivery.

3.10 Representation

As a condition precedent to the issuance of an Option, the Company must be able to represent to the Exchange as of the Grant Date that the Option Holder is *bona fide* Executive, Employee or Consultant of the Company or any Subsidiary.

SECTION 4
NUMBER OF SHARES UNDER PLAN

4.1 Board to Approve Issuance of Shares

The Committee shall approve by resolution the issuance of all Shares to be issued to Option Holders upon the exercise of Options, such authorization to be deemed effective as of the Grant Date of such Options regardless of when it is actually done. The Committee shall be entitled to approve the issuance of Shares in advance of the Grant Date, retroactively after the Grant Date, or by a general approval of this Plan.

4.2 Number of Shares

Subject to adjustment as provided for herein and to Section 12, the number of Shares which will be available for purchase pursuant to Options granted pursuant to this Plan will not exceed 15% of the Outstanding Issue. If any Option expires or otherwise terminates for any reason without having been exercised in full, the number of Shares in respect to that Option will be available for subsequent issuance. The Plan is an “evergreen” plan, as Shares of the Company covered by Options which have been exercised will be available for subsequent grant under the Plan and the number of Options that may be granted under the Plan increases if the total Outstanding Issue of the Company increases. For greater certainty, if an outstanding Option is exercised or alternatively expires or is forfeited, surrendered, cancelled or otherwise terminated or lapses for any reason without having been exercised or settled in full, the Shares covered by such Option, if any, will again be available for issuance under the Plan.

4.3 Fractional Shares

No fractional shares shall be issued upon the exercise of any Option and, if as a result of any adjustment, an Option Holder would become entitled to a fractional share, such Option Holder shall have the right to purchase only the next lowest whole number of Shares and no payment or other adjustment will be made for the fractional interest.

SECTION 5
TERMS AND CONDITIONS OF OPTIONS

5.1 Exercise Period of Option

Subject to sections 5.4, 6.2, 6.3, 6.4 and 11.4, the Grant Date and the Expiry Date of an Option shall be the dates fixed by the Committee at the time the Option is granted and shall be set out in the Option Certificate issued in respect of such Option. No Incentive Stock Option may be granted after ten (10) years from the date of this Plan. The term and expiry date of any Incentive Stock Option granted to a Ten Percent Shareholder Participant shall not exceed five (5) years from Grant Date of such Incentive Stock Option.

5.2 Number of Shares Under Option

The number of Shares which may be purchased pursuant to an Option shall be determined by the Committee and shall be set out in the Option Certificate issued in respect of the Option.

5.3 Exercise Price of Option

The Exercise Price at which an Option Holder may purchase a Share upon the exercise of an Option shall be determined by the Committee and shall be set out in the Option Certificate issued in respect of the Option. The Exercise Price shall not be less than the Market Value of the Shares as of the Grant Date. The Market Value of the Shares for a particular Grant Date shall be determined as follows:

- (a) for each organized trading facility on which the Shares are listed, Market Value will be the closing trading price of the Shares on the day immediately preceding the Grant Date, and may be less than this price if it is within the discounts permitted by the applicable Regulatory Authorities;
- (b) if the Company's Shares are listed on more than one organized trading facility, the Market Value shall be the Market Value as determined in accordance with subparagraph (a) above for the primary organized trading facility on which the Shares are listed, as determined by the Committee, subject to any adjustments as may be required to secure all necessary Regulatory Approvals;
- (c) if the Company's Shares are listed on one or more organized trading facilities but have not traded during the ten trading days immediately preceding the Grant Date, then the Market Value will be, subject to any adjustments as may be required to secure all necessary Regulatory Approvals, such value as is determined by the Committee; and
- (d) if the Company's Shares are not listed on any organized trading facility, then the Market Value will be, subject to any adjustments as may be required to secure all necessary Regulatory Approvals, such value as is determined by the Committee to be the fair value of the Shares, taking into consideration all factors that the Committee deems appropriate, including, without limitation, recent sale and offer prices of the Shares in private transactions negotiated at arms' length. Notwithstanding anything else contained herein, in no case will the Market Value be less than the minimum prescribed by each of the organized trading facilities that would apply to the Company on the Grant Date in question.

Notwithstanding the foregoing, the Exercise Price of Shares subject to an Incentive Stock Option granted under the Plan to a Ten Percent Shareholder Participant shall be not less than 110% of the fair market value of the Shares on the Grant Date as determined in good faith by the Committee at the Grant Date.

5.4 Incentive Stock Options.

Incentive Stock Options may only be granted to Employees who are resident in the United States. To the extent that Options designated as Incentive Stock Options become exercisable by a Holder for the first time during any calendar year for Shares having a fair market value greater than US\$100,000, the portion of such Options which exceeds such amount shall not be treated as Incentive Stock Options but instead shall be treated as Non-Statutory Stock Options. For the purposes of this Section 5.4, Options designated as Incentive Stock Options shall be taken into account in the order in which they were granted, and the fair market value of Shares shall be determined as of the Grant Date of the Option with respect to such Shares. If the Code is amended to provide for a different limitation than that set forth in this Section 5.4, such different limitation shall be deemed incorporated herein effective as of the date and with respect to such Options as may be required or permitted by such amendment to the Code. If an Option is treated as a Non-Statutory Option in part by reason of the limitation set forth in this Section 5.4, the Holder may designate which portion of such Option the Holder is exercising at any given time. In the absence of such designation, the Holder shall be deemed to have exercised the Incentive Stock Option portion of the Option first. The Company shall have no liability to a Holder, or any other party, if any Option (or any part thereof) intended to be an Incentive Stock Option is not an Incentive Stock Option.

5.5 Termination of Option

Subject to such other terms or conditions that may be attached to Options granted hereunder, an Option Holder may exercise an Option in whole or in part at any time and from time to time during the Exercise Period. Any Option or part thereof not exercised within the Exercise Period shall terminate and become null, void and of no effect as of the Expiry Time on the Expiry Date. The Expiry Date of an Option shall be the earlier of the date so fixed by the Committee at the time the Option is granted as set out in the Option Certificate and the date established, if applicable, in paragraphs (a) or (b) below or sections 6.2, 6.3, 6.4, or 11.4 of this Plan:

(a) *Ceasing to Hold Office* - In the event that the Option Holder holds his or her Option as an Executive and such Option Holder ceases to hold such position other than by reason of death or Disability, the Expiry Date of the Option shall be, unless otherwise determined by the Committee and expressly provided for in the Option Certificate, the 30th day following the date the Option Holder ceases to hold such position unless the Option Holder ceases to hold such position as a result of:

- (i) ceasing to meet the qualifications set forth in the corporate legislation applicable to the Company;
- (ii) a special resolution having been passed by the shareholders of the Company removing the Option Holder as a director of the Company or any Subsidiary; or
- (iii) an order made by any Regulatory Authority having jurisdiction to so order,

in which case the Expiry Date shall be the date the Option Holder ceases to hold such position; OR

(b) *Ceasing to be Employed or Engaged* - In the event that the Option Holder holds his or her Option as an Employee or Consultant and such Option Holder ceases to hold such position other than by reason of death or Disability, the Expiry Date of the Option shall be, unless otherwise determined by the Committee and expressly provided for in the Option Certificate, the 30th day following the date the Option Holder ceases to hold such position, unless the Option Holder ceases to hold such position as a result of:

- (i) termination for cause;
- (ii) resigning his or her position; or
- (iii) an order made by any Regulatory Authority having jurisdiction to so order,

in which case the Expiry Date shall be the date the Option Holder ceases to hold such position.

In the event that the Option Holder ceases to hold the position of Executive, Employee or Consultant for which the Option was originally granted, but comes to hold a different position as an Executive, Employee or Consultant prior to the expiry of the Option, the Committee may, in its sole discretion, choose to permit the Option to stay in place for that Option Holder with such Option then to be treated as being held by that Option Holder in his or her new position and such will not be considered to be an amendment to the Option in question requiring the consent of the Option Holder under section 9.2 of this Plan. Notwithstanding anything else contained herein, in no case will an Option be exercisable later than the Expiry Date of the Option.

5.6 Vesting of Option and Acceleration

The vesting schedule for an Option, if any, shall be determined by the Committee and shall be set out in the Option Certificate issued in respect of the Option. The Committee may elect, at any time, to accelerate the vesting schedule of one or more Options including, without limitation, on a Triggering Event, and such acceleration will not be considered an amendment to the Option in question requiring the consent of the Option Holder under section 9.2 of this Plan.

5.7 Cashless Exercise

The Committee may permit cashless exercises of any Options granted under this Plan, subject to applicable stock exchange rules, in the manner contemplated in the Option Certificate attached to this Plan.

5.8 Additional Terms

Subject to all applicable Regulatory Rules and all necessary Regulatory Approvals, the Committee may attach additional terms and conditions to the grant of a particular Option, such terms and conditions to be set out in a schedule attached to the Option Certificate. The Option Certificates will be issued for convenience only, and in the case of a dispute with regard to any matter in respect thereof, the provisions of this Plan and the records of the Company shall prevail over the terms and conditions in the Option Certificate, save and except as noted below. Each Option will also be subject to, in addition to the provisions of the Plan, the terms and conditions contained in the schedules, if any, attached to the Option Certificate for such Option. Should the terms and conditions contained in such schedules be inconsistent with the provisions of the Plan, such terms and conditions will supersede the provisions of the Plan.

SECTION 6 TRANSFERABILITY OF OPTIONS

6.1 Non-transferable

An Incentive Stock Option shall not be assignable or transferable by any Holder and, subject to section 6.2 hereof, may be exercised during the life of the Holder only by the Holder. An Option other than an Incentive Stock Option are non-assignable and non-transferable, except as provided otherwise in this section 6.

6.2 Death of Option Holder

In the event of the Option Holder's death, any Options held by such Option Holder shall pass to the Personal Representative of the Option Holder and shall be exercisable by the Personal Representative on or before the date which is the earlier of one year following the date of death and the applicable Expiry Date.

6.3 Disability of Option Holder

If the employment or engagement of an Option Holder as an Employee or Consultant or the position of an Option Holder as a director or officer of the Company or a Subsidiary is terminated by the Company by reason of such Option Holder's Disability, any Options held by such Option Holder shall be exercisable by such Option Holder or by the Personal Representative on or before the date which is the earlier of one year following the termination of employment, engagement or appointment as a director or officer and the applicable Expiry Date.

6.4 Disability and Death of Option Holder

If an Option Holder has ceased to be employed, engaged or appointed as a director or officer of the Company or a Subsidiary by reason of such Option Holder's Disability and such Option Holder dies within one year after the termination of such engagement, any Options held by such Option Holder that could have been exercised immediately prior to his or her death shall pass to the Personal Representative of such Option Holder and shall be exercisable by the Personal Representative on or before the date which is the earlier of one year following the death of such Option Holder and the applicable Expiry Date.

6.5 Vesting

Unless the Committee determines otherwise, Options held by or exercisable by a Personal Representative shall, during the period prior to their termination, continue to vest in accordance with any vesting schedule to which such Options are subject.

6.6 Deemed Non-Interruption of Engagement

Employment or engagement by the Company shall be deemed to continue intact during any military or sick leave or other *bona fide* leave of absence if the period of such leave does not exceed 90 days or, if longer, for so long as the Option Holder's right to re-employment or re-engagement by the Company is guaranteed either by statute or by contract. If the period of such leave exceeds 90 days and the Option Holder's re-employment or re-engagement is not so guaranteed, then his or her employment or engagement shall be deemed to have terminated on the ninety-first day of such leave.

SECTION 7 EXERCISE OF OPTION

7.1 Exercise of Option

An Option may be exercised only by the Option Holder or the Personal Representative of any Option Holder. An Option Holder or the Personal Representative of any Option Holder may exercise an Option in whole or in part at any time and from time to time during the Exercise Period up to the Expiry Time on the Expiry Date by delivering to the Administrator the required Exercise Notice, the applicable Option Certificate and a certified cheque or bank draft or wire transfer payable to the Company or its legal counsel in an amount equal to the aggregate Exercise Price of the Shares then being purchased pursuant to the exercise of the Option. Notwithstanding anything else contained herein, Options may not be exercised during a Black-Out unless the Committee determines otherwise.

7.2 Black Out Period

Notwithstanding the foregoing, except in the case of Incentive Stock Options, if an Option expires, terminates or is cancelled (other than an expiry, termination or cancellation pursuant to section 5.5(a)(i)(ii) or (iii) or section 5.5(b)(i)(ii) or (iii) above) within or immediately after a Black Out, the Holder may elect for the term of such Option to be extended to the date which is ten (10) business days after the last day of the Black Out; provided, that, the expiration date as extended by this section 7.2 will not in any event be beyond the later of: (i) December 31 of the calendar year in which the Option was otherwise due to expire; and (ii) the 15th day of the third month following the month in which the Option was otherwise due to expire.

7.3 Issue of Share Certificates

As soon as reasonably practicable following the receipt of the Exercise Notice, the Administrator shall cause to be delivered to the Option Holder a certificate for the Shares so purchased. If the number of Shares so purchased is less than the number of Shares subject to the Option Certificate surrendered, the Administrator shall also provide a new Option Certificate for the balance of Shares available under the Option to the Option Holder concurrent with delivery of the Share Certificate.

7.4 No Rights as Shareholder

Until the date of the issuance of the certificate for the Shares purchased pursuant to the exercise of an Option, no right to vote or receive dividends or any other rights as a shareholder shall exist with respect to such Shares, notwithstanding the exercise of the Option, unless the Committee determines otherwise. In the event of any dispute over the date of the issuance of the certificates, the decision of the Committee shall be final, conclusive and binding.

7.5 Tax Withholding and Procedures

Notwithstanding anything else contained in this Plan, the Company may, from time to time, implement such procedures and conditions as it determines appropriate with respect to the withholding and remittance of taxes imposed under applicable law, or the funding of related amounts for which liability may arise under such applicable law. Without limiting the generality of the foregoing, an Option Holder who wishes to exercise an Option must, in addition to following the procedures set out in 7.1 and elsewhere in this Plan, and as a condition of exercise:

- (a) deliver a certified cheque, wire transfer or bank draft payable to the Company for the amount determined by the Company to be the appropriate amount on account of such taxes or related amounts;
 - (b) otherwise ensure, in a manner acceptable to the Company (if at all) in its sole and unfettered discretion, that the amount will be securely funded; or
 - (c) and must in all other respects follow any related procedures and conditions imposed by the Company.
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**SECTION 8
ADMINISTRATION**

8.1 Board or Committee

The Plan shall be administered by the Administrator with oversight by the Committee.

8.2 Powers of Committee

The Committee shall have the authority to do the following:

- (a) oversee the administration of the Plan in accordance with its terms;
 - (b) appoint or replace the Administrator from time to time;
 - (c) determine all questions arising in connection with the administration, interpretation and application of the Plan, including all questions relating to the Market Value;
 - (d) correct any defect, supply any information or reconcile any inconsistency in the Plan in such manner and to such extent as shall be deemed necessary or advisable to carry out the purposes of the Plan;
 - (e) prescribe, amend, and rescind rules and regulations relating to the administration of the Plan;
 - (f) determine the duration and purposes of leaves of absence from employment or engagement by the Company which may be granted to Option Holders without constituting a termination of employment or engagement for purposes of the Plan;
 - (g) do the following with respect to the granting of Options:
 - (i) determine the Executives, Employees or Consultants to whom Options shall be granted, based on the eligibility criteria set out in this Plan;
 - (ii) determine the terms of the Option to be granted to an Option Holder including, without limitation, the Grant Date, Expiry Date, Exercise Price and vesting schedule (which need not be identical with the terms of any other Option);
 - (iii) subject to any necessary Regulatory Approvals and section 9.2, amend the terms of any Options;
 - (iv) determine when Options shall be granted;
 - (v) determine the number of Shares subject to each Option; and
 - (vi) to designate Options as Incentive Stock Options or Non-Statutory Options, as applicable;
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- (h) accelerate the vesting schedule of any Option previously granted; and
- (i) make all other determinations necessary or advisable, in its sole discretion, for the administration of the Plan.

8.3 Administration by Committee

All determinations made by the Committee in good faith shall be final, conclusive and binding upon all persons. The Committee shall have all powers necessary or appropriate to accomplish its duties under this Plan.

8.4 Interpretation

The interpretation by the Committee of any of the provisions of the Plan and any determination by it pursuant thereto shall be final, conclusive and binding and shall not be subject to dispute by any Option Holder. No member of the Committee or any person acting pursuant to authority delegated by it hereunder shall be personally liable for any action or determination in connection with the Plan made or taken in good faith and each member of the Committee and each such person shall be entitled to indemnification with respect to any such action or determination in the manner provided for by the Company.

SECTION 9 APPROVALS AND AMENDMENT

9.1 Shareholder Approval of Plan

If required by a Regulatory Authority or by the Committee, this Plan may be made subject to the approval of the shareholders of the Company as prescribed by the Regulatory Authority. If shareholder approval is required, any Options granted under this Plan prior to such time will not be exercisable or binding on the Company unless and until such shareholder approval is obtained.

9.2 Amendment of Option or Plan

Subject to any required Regulatory Approvals, the Committee may from time to time amend any existing Option or the Plan or the terms and conditions of any Option thereafter to be granted provided that where such amendment relates to an existing Option and it would:

- (a) materially decrease the rights or benefits accruing to an Option Holder; or
 - (b) materially increase the obligations of an Option Holder; then, unless otherwise excepted out by a provision of this Plan, the Committee must also obtain the written consent of the Option Holder in question to such amendment. If at the time the Exercise Price of an Option is reduced the Option Holder is an Insider of the Company, the Insider must not exercise the option at the reduced Exercise Price until the reduction in Exercise Price has been approved by the disinterested shareholders of the Company, if required by the Exchange.
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SECTION 10
CONDITIONS PRECEDENT TO ISSUANCE OF OPTIONS AND SHARES

10.1 Compliance with Laws

An Option shall not be granted or exercised, and Shares shall not be issued pursuant to the exercise of any Option, unless the grant and exercise of such Option and the issuance and delivery of such Shares comply with all applicable Regulatory Rules, and such Options and Shares will be subject to all applicable trading restrictions in effect pursuant to such Regulatory Rules and the Company shall be entitled to legend the Option Certificates and the certificates representing such Shares accordingly.

10.2 Regulatory Approvals

In administering this Plan, the Committee will seek any Regulatory Approvals which may be required. The Committee will not permit any Options to be granted without first obtaining the necessary Regulatory Approvals unless such Options are granted conditional upon such Regulatory Approvals being obtained. The Committee will make all filings required with the Regulatory Authorities in respect of the Plan and each grant of Options hereunder. No Option granted will be exercisable or binding on the Company unless and until all necessary Regulatory Approvals have been obtained. The Committee shall be entitled to amend this Plan and the Options granted hereunder in order to secure any necessary Regulatory Approvals and such amendments will not require the consent of the Option Holders under section 9.2 of this Plan.

10.3 Inability to Obtain Regulatory Approvals

The Company's inability to obtain Regulatory Approval from any applicable Regulatory Authority, which Regulatory Approval is deemed by the Committee to be necessary to complete the grant of Options hereunder, the exercise of those Options or the lawful issuance and sale of any Shares pursuant to such Options, shall relieve the Company of any liability with respect to the failure to complete such transaction.

SECTION 11
ADJUSTMENTS AND TERMINATION

11.1 Termination of Plan

Subject to any necessary Regulatory Approvals, the Committee may terminate or suspend the Plan. Unless earlier terminated as provided in this section 11, the Plan shall terminate on, and no more Options shall be granted under the Plan after, the tenth anniversary of the date of the Exchange's acceptance of the Plan.

11.2 No Grant During Suspension of Plan

No Option may be granted during any suspension, or after termination, of the Plan. Suspension or termination of the Plan shall not, without the consent of the Option Holder, alter or impair any rights or obligations under any Option previously granted.

11.3 Alteration in Capital Structure

If there is a material alteration in the capital structure of the Company and the Shares are consolidated, subdivided, converted, exchanged, reclassified or in any way substituted for, the Committee shall make such adjustments to this Plan and to the Options then outstanding under this Plan as the Committee determines to be appropriate and equitable under the circumstances, so that the proportionate interest of each Option Holder shall, to the extent practicable, be maintained as before the occurrence of such event. Such adjustments may include, without limitation:

- (a) a change in the number or kind of shares of the Company covered by such Options; and
- (b) a change in the Exercise Price payable per Share provided, however, that the aggregate Exercise Price applicable to the unexercised portion of existing Options shall not be altered, it being intended that any adjustments made with respect to such Options shall apply only to the Exercise Price per Share and the number of Shares subject thereto.

For purposes of this section 11.3, and without limitation, neither:

- (c) the issuance of additional securities of the Company in exchange for adequate consideration (including services); nor
- (d) the conversion of outstanding securities of the Company into Shares shall be deemed to be material alterations of the capital structure of the Company. Any adjustment made to any Options pursuant to this section 11.3 shall not be considered an amendment requiring the Option Holder's consent for the purposes of section 9.2 of this Plan.

11.4 Triggering Events

Subject to the Company complying with section 11.5 and any necessary Regulatory Approvals and notwithstanding any other provisions of this Plan or any Option Certificate, the Committee may, without the consent of the Option Holder or Holders in question:

- (a) cause all or a portion of any of the Options granted under the Plan to terminate upon the occurrence of a Triggering Event; or
- (b) cause all or a portion of any of the Options granted under the Plan to be exchanged for incentive stock options of another corporation upon the occurrence of a Triggering Event in such ratio and at such exercise price as the Committee deems appropriate, acting reasonably.

Such termination or exchange shall not be considered an amendment requiring the Option Holder's consent for the purpose of section 9.2 of the Plan.

11.5 Notice of Termination by Triggering Event

In the event that the Committee wishes to cause all or a portion of any of the Options granted under this Plan to terminate on the occurrence of a Triggering Event, it must give written notice to the Option Holders in question not less than 10 days prior to the consummation of a Triggering Event so as to permit the Option Holder the opportunity to exercise the vested portion of the Options prior to such termination. Upon the giving of such notice and subject to any necessary Regulatory Approvals, all Options or portions thereof granted under the Plan which the Company proposes to terminate shall become immediately exercisable notwithstanding any contingent vesting provision to which such Options may have otherwise been subject.

11.6 Determinations to be Made By Committee

Adjustments and determinations under this section 11 shall be made by the Committee, whose decisions as to what adjustments or determination shall be made, and the extent thereof, shall be final, binding, and conclusive.

SECTION 12
ADJUSTMENTS AND TERMINATION

12.1 Maximum Number of Options

Notwithstanding anything contained in the Plan to the contrary, the maximum number of options the committee can grant is 10% of the number of Common Shares. For the avoidance of doubt, the maximum number of stock options granted under this Plan must not exceed 10% of the Outstanding Issue, or such lesser amount required from time-to-time by any Regulatory Authority.

SCHEDULE A

TO THE STOCK OPTION PLAN OF AGRIFORCE GROWING SYSTEMS LTD.

[Include legends prescribed by Regulatory Authorities, if required.]

STOCK OPTION CERTIFICATE
OF
AGRIFORCE GROWING SYSTEMS LTD.
(the “Corporation”)

TO: [NAME OF OPTIONEE] (the “Optionee”)

This stock option certificate (the “**Certificate**”) certifies that as of the date of grant set forth below (the “**Date of Grant**”), you have been granted the option (the “**Option**”) to purchase the number of common shares of the Corporation set forth below (the “**Option Shares**”) at the exercise price set forth below (the “**Exercise Price**”). The Option shall be subject to the terms and conditions set forth in the Corporation’s Stock Option Plan, as amended or replaced from time to time (the “**Plan**”), and in addition shall be subject to the terms set forth below. Where used herein all defined terms shall have the respective meanings attributed thereto in the Plan.

Date of Grant:	[]
Number of Option Shares:	[]
Exercise Price:	[]
Expiry Date of Option:	5:00 p.m. (Vancouver Time), []

Exercise Price

The Option provides you with the right to exercise the Option in whole or in part to purchase up to the number of Options Shares set forth above at the Exercise Price. The number of Option Shares subject to the Option and the Exercise Price are each subject to adjustment in certain events in accordance with the Plan.

Expiry Date

The Option is exercisable up until the Expiry Date set forth above, provided that (i) the Expiry Date may be accelerated in accordance with the Plan, (ii) the Options are subject to termination in certain events in accordance with the Plan, and (iii) no Option may be exercised until vested. On the close of business on the Expiry Date, the Option will expire and terminate and be of no further force and effect whatsoever.

Vesting

You are only entitled to exercise the Option to the extent that the Option has vested. The Option will vest on a cumulative basis over a two year period from the Date of Grant as follows:

Date of Vesting	Number of Options
Three month anniversary of Date of Grant	[]
Six month anniversary of Date of Grant	[]
Nine month anniversary of Date of Grant	[]
Twelve month anniversary of Date of Grant	[]
Fifteenth month anniversary of Date of Grant	[]
Eighteenth month anniversary of Date of Grant	[]
Twenty-first month anniversary of Date of Grant	[]
Twenty-fourth anniversary of Date of Grant	[]
Total	[]

Exercise of Option

You may exercise the Option from time to time, in whole or in part AND to the extent the Option is vested and exercisable, by delivery of an Election to Exercise in a form substantially the same as that attached hereto as Schedule A (the “**Election to Exercise**”). You must properly complete and execute the Election to Exercise and deliver it to the Corporation together with a certified cheque or bank draft in an amount equal to the aggregate Exercise Price for the number of Option Shares specified in the Election to Exercise (the “**Purchase Price**”), unless you elect a cashless exercise of your Option in which case you acknowledge the number of Option Shares will be reduced in accordance with the formula set out in the Election to Exercise. You must deliver the Election to Exercise and, if applicable, the Purchase Price to the Corporation at the principal office of the Corporation at [AGRIFORCE ADDRESS] or such other address in Canada as you may be notified in writing by the Corporation.

Termination of the Option

The Option is subject to termination in certain events under the Plan, including if you cease to be an eligible director, officer, employee or consultant under the Plan. You may not exercise the Option after termination.

Copy of Plan

The Corporation has delivered a copy of the Plan to you with this Certificate. By acceptance of this Certificate, you acknowledge receipt of a copy of the Plan.

Additional Agreements of Optionee

By acceptance of this Certificate and the Option evidenced hereby, you agree and acknowledge that:

- (i) the terms of this Option (including the Exercise Price and the number of Options) may be modified by the Corporation without your consent to the extent reasonably necessary to enable the Corporation to list on the Canadian Securities Exchange or on any other stock exchange (the “CSE”), of which there is no assurance;
- (ii) the certificates representing the Option Shares may be endorsed with certain restrictive legends to the extent required to comply with securities laws applicable to you and the Company and the rules and policies of the CSE, or any other exchange on which the common shares of the Corporation may be traded;
- (iv) you will enter into such lock-up or escrow agreements required in connection with the listing of the Company on the CSE, as reasonably requested by the Company;
- (v) the Option and the issuance of the Option Shares have not been registered under the U.S. Securities Act of 1933, as amended and accordingly the Option Shares are not freely tradeable in the United States, and will be endorsed with legends confirming such restricted status if the Optionee is resident in or otherwise subject to U.S. securities laws;
- (iv) the Option and all Option Shares purchased upon any exercise of the Option have been and will be acquired for investment purposes only and not with the view to distribution or transfer and will be held for your own individual account;
- (v) the Option is not transferable; and
- (vi) you will execute and deliver to the Corporation such additional documentation, as reasonable required in the opinion of legal counsel to the Corporation, to establish that the Option Shares may be issued to you in reliance on exemptions from prospectus and registration requirements under applicable securities laws as a condition of the issuance of any Option Shares upon the exercise of the Option;
- (vii) where the terms of this Certificate are inconsistent with the terms of the Plan, the terms of the Plan shall prevail.

This Certificate is executed to be effective as of the Date of Grant.

AGRIFORCE GROWING SYSTEMS LTD.

Accepted and agreed by the Optionee:

Per: _____
Authorized Signatory

Signature of Optionee
[NAME OF OPTIONEE]

Name of Optionee

Schedule A to Option Certificate

Election to Exercise

The undersigned Optionee hereby irrevocably elects to exercise the Option granted by Agriforce Growing Systems Ltd. (the “**Corporation**”) on Date of Grant set forth below to purchase the number of Option Shares as set forth below:

Date of Grant of Option:

(a) Number of Option Shares to be Acquired:

(b) Exercise Price (Per Option Share):

Aggregate Purchase Price [(a) multiplied by (b)]:

\$ _____

and hereby exercise the Option as follows:

A. Cash Exercise ☐ [Check box as applicable]

The Optionee hereby tenders a certificate cheque or bank draft for such aggregate Purchase Price, and directs such shares to be registered and a certificate therefore to be issued as directed below.

Or

B. Cashless Exercise ☐ [Check box as applicable]

The Optionee elects to complete a cashless exercise of the Options and agrees to the cancellation of that number of Option Shares as is necessary, in accordance with the formula set forth in Exhibit A attached to this Notice, to exercise the Option with respect to the number of Option Shares being purchased by means of a cashless exercise (the “**Cashless Exercise Method**”).

The Optionee will further agree to any additional representations and agreements required to ensure compliance with U.S. securities laws if the Optionee is a U.S. person or otherwise subject to U.S. securities laws.

The undersigned acknowledges and agrees that issuance of the Option Shares is subject to the terms and conditions of the Certificate representing the Option and the Stock Option Plan of the Corporation, as amended and replaced from time to time.

DATED this _____ day of _____, _____.

Signature of Optionee

Name of Optionee

Direction as to Registration of Option Shares

Name of Registered Holder:

Address of Registered Holder:

EXHIBIT A
TO NOTICE OF EXERCISE
CASHLESS EXERCISE

1. If permitted by the policies of any stock exchange on which the Company may be listed from time to time, the Option may be exercised by means of a “cashless exercise”, in which event the Company shall issue to the undersigned the net number of Shares determined as follows:

$$a = b \times \left(\frac{c - d}{c} \right)$$

where:

a = the net Shares to be issued to the undersigned;

b = the number of Shares in respect of which the Option is being exercised;

c = the average of the “Closing Sale Prices” of the Company’s shares of common shares for at least the two trading days ending on the date immediately preceding the Exercise Date; and

d = the Exercise Price of the Option.

2. For purposes hereof, “**Closing Sale Price**” means, for any security as of any date, the last trade price for such security on the principal securities exchange or trading market for such security, or, if such exchange or trading market begins to operate on an extended hours basis and does not designate the last trade price, then the last trade price of such security prior to 4:00 p.m., Toronto time, or if the foregoing do not apply, the last trade price of such security in the over-the-counter market on the electronic bulletin board for such security, or, if no last trade price is reported for such security, the average of the bid prices, or the ask prices, respectively, of any market makers for such security as reported by the OTC Markets Group Inc.

3. If the Closing Sale Price cannot be calculated for a security on a particular date on any of the foregoing bases, the Closing Sale Price of such security on such date shall be the fair market value as mutually determined by the Company and the undersigned.

4. If the Company and the undersigned are unable to agree upon the fair market value of such security, then the Company shall, within two business days submit via facsimile (a) the disputed determination of the Closing Sale Price to an independent, reputable investment bank selected by the Company and approved by the undersigned or (b) the disputed arithmetic calculation of the Shares of Common Stock to the Company’s independent, outside accountant. The Company shall cause at its expense the investment bank or the accountant, as the case may be, to perform the determinations or calculations and notify the Company and the undersigned of the results no later than ten business days from the time it receives the disputed determinations or calculations. Such investment bank’s or accountant’s determination or calculation, as the case may be, shall be binding upon all parties absent demonstrable error. All such determinations shall be appropriately adjusted for any stock dividend, stock split, stock combination or other similar transaction during the applicable calculation period.

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS 4 MONTHS AND A DAY AFTER THE LATER OF (I) THE 21ST DAY OF DECEMBER, 2018, AND (II) THE DATE THE CORPORATION BECAME A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY OF CANADA.

THE WARRANT EVIDENCED HEREBY IS EXERCISABLE ON OR BEFORE 4:00 P. M. (VANCOUVER TIME) ON THE 21ST DAY OF DECEMBER, 2021, SUBJECT TO ACCELERATION OF THE EXPIRY TIME AS SET FORTH HEREIN, AFTER WHICH TIME THE WARRANTS EVIDENCED HEREBY SHALL BE DEEMED TO BE VOID AND OF NO FURTHER FORCE OR EFFECT.

**WARRANTS TO PURCHASE
COMMON SHARES OF CANIVATE GROWING SYSTEMS LTD.**

Warrant Certificate Number:

Number of Warrants:

♦

♦

THIS IS TO CERTIFY THAT for value received ♦ [NTD: Name of Warrantholder], ♦ [NTD: Address of Warrantholder] (the “Warrantholder”) has the right to purchase in respect of each whole warrant (collectively the “Warrants”) represented by this certificate or by a replacement certificate (in either case this “Warrant Certificate”), at any time up to 5:00 p.m. Vancouver time, on December 21, 2021, subject to acceleration as provided in Schedule “A” (the “Expiry Time”) one fully paid and non-assessable common share (collectively the “Common Shares” and which term shall include any shares or other securities to be issued in addition thereto or in substitution or replacement therefor as provided herein) of Canivate Growing Systems Ltd. (the “Corporation”), a corporation incorporated under the *British Columbia Business Corporations Act*, as constituted on the date hereof at a purchase price (the purchase price in effect from time to time being called the “Exercise Price”) of \$0.50 (Cdn) per Common Share. The number of Common Shares which the Warrantholder is entitled to acquire upon exercise of the Warrants and the Exercise Price are subject to adjustment as hereinafter provided.

The Corporation agrees that the Common Shares purchased pursuant to the exercise of the Warrants shall be and be deemed to be issued to the Warrantholder as of the close of business on the date on which this Warrant Certificate shall have been surrendered and payment made for such Common Shares as aforesaid.

Nothing contained herein shall confer any right upon the Warrantholder to subscribe for or purchase any Common Shares at any time after the Expiry Time and from and after the Expiry Time the Warrants and all rights under this Warrant Certificate shall be void and of no value.

This Warrant Certificate is issued upon the terms and conditions as are set out in Schedule “A” hereto, which terms, conditions and provisions are attached hereto and are incorporated herein and form a part hereof. Unless the context otherwise requires capitalized expressions herein shall have the meanings provided for in Schedule “A” hereto.

IN WITNESS WHEREOF the Corporation has caused this Warrant Certificate to be executed by its duly authorized officers this 2nd day of December, 2018.

CANIVATE GROWING SYSTEMS LTD.

Per:

Authorized Signatory

SCHEDULE "A"

TERMS AND CONDITIONS
ATTACHED TO WARRANTS ISSUED BY
CANIVATE GROWING SYSTEMS LTD.
(the "**Corporation**")

Each Warrant is subject to these Terms and Conditions as they were at the date of issue of the Warrant.

Terms used but not otherwise defined herein have the meaning ascribed thereto on the face page of the Warrant Certificate.

1. **Definitions:** In this Warrant Certificate, unless there is something in the subject matter or context inconsistent therewith, the following expressions shall have the following meanings namely:
 - a) "**Adjustment Period**" means the period commencing on the date of issue of the Warrants and ending at the Expiry Time;
 - b) "**Current Market Price**" of the Common Shares at any date means the price per share equal to the weighted average price at which the Common Shares have traded on the Canadian Securities Exchange or, if the Common Shares are not then listed on the Canadian Securities Exchange, on such other Canadian stock exchange as may be selected by the directors of the Corporation for such purpose or, if the Common Shares are not then listed on any Canadian stock exchange, in the over-the-counter market, during the period of any 20 consecutive trading days ending not more than five business days before such date; provided that the weighted average price shall be determined by dividing the aggregate sale price of all Common Shares sold on the said exchange or market, as the case may be, during such 20 consecutive trading days by the total number of Common Shares so sold; and provided further that if the Common Shares are not then listed on any Canadian stock exchange or traded in the over-the-counter market, then the Current Market Price shall be determined by a firm of independent chartered accountants selected by the directors of the Corporation;
 - c) "**director**" means a director of the Corporation for the time being and, unless otherwise specified herein, a reference to action "by the directors" means action by the directors of the Corporation as a board or, whenever empowered, action by any committee of the directors of the Corporation;
 - d) "**Definitive Offtake Agreement**" means one or more definitive, legally binding agreement or agreements entered into by the Company or a directly or indirectly owned subsidiary of the Company for the growing and purchase of cannabis or cannabis derived products;
 - e) "**trading day**" with respect to a stock exchange or over-the-counter market means a day on which such stock exchange or market is open for business;
 - f) "**Regulation S**" means Regulation S promulgated under the U.S. Securities Act;
 - g) "**United States**" has the meaning prescribed in Regulation S;
-

- h) “**U.S. Person**” has the meaning prescribed in Regulation S; and
- i) “**U.S. Securities Act**” means the the United States Securities Act of 1933, as amended.

In addition, words importing the singular number include the plural and vice versa, and words importing the masculine gender include feminine and neuter genders.

2. **Exercise:** In the event that the Warrantholder desires to exercise the right to purchase Common Shares conferred hereby, the Warrantholder shall:

- a) complete to the extent possible in the manner indicated and execute a subscription form in the form attached as Schedule B to this Warrant Certificate if the Warrantholder is not a U.S. Person, resident in the United States or otherwise not subject to the securities laws of the United States, or Schedule C to this Warrant Certificate if the Warrantholder is a U.S. Person, resident in the United States or otherwise subject to the securities laws of the United States,
- b) surrender this Warrant Certificate to the Corporation in accordance with section 13 hereof, and
- c) pay the amount payable on the exercise of such Warrants in respect of the Common Shares subscribed for by certified cheque, bank draft or money order in lawful money of Canada payable to the Corporation or by transmitting same day funds in lawful money of Canada by wire to such account as the Corporation shall direct the Warrantholder.

Upon such surrender and payment as aforesaid, the Warrantholder shall be deemed for all purposes to be the holder of record of the number of Common Shares to be so issued and the Warrantholder shall be entitled to delivery of a certificate or certificates representing such Common Shares and the Corporation shall cause such certificate or certificates to be delivered to the Warrantholder at the address specified in the subscription form within three business days after such surrender and payment as aforesaid. No fractional Common Shares will be issuable upon any exercise of this Warrant and the Warrantholder will not be entitled to any cash payment or compensation in lieu of a fractional Common Share.

3. **Acceleration of Expiry Time:** In the event that the Company or a direct or indirect subsidiary of the Company enters into a Definitive Offtake Agreement, the Company may accelerate the Expiry Time for the Warrants as follows:

- a) the Company will be entitled to give notice of acceleration (an “Acceleration Notice”) upon execution of a Definitive Offtake Agreement;
 - b) upon delivery of an Acceleration Notice to a Warrantholder, the Expiry Time will be accelerated to 5:00pm on the date that is 30 calendar days from the date of delivery of the Acceleration Notice to the Warrantholder (the “**Accelerated Expiry Date**”);
 - c) the Warrantholder will be entitled to exercise the Warrants up to the Expiry Time on the Accelerated Expiry Date; and
 - d) if the Warrantholder does not exercise the Warrants by the Expiry Time on the Accelerated Expiry Date, the Warrant and the rights provided under this Warrant Certificate will terminate.
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4. **Partial Exercise:** The Warrantholder may from time to time subscribe for and purchase any lesser number of Common Shares than the number of Common Shares expressed in this Warrant Certificate. In the event that the Warrantholder subscribes for and purchases any such lesser number of Common Shares prior to the Expiry Time, the Warrantholder shall be entitled to receive a replacement certificate representing the unexercised balance of the Warrants.
5. **Not a Shareholder:** The holding of the Warrants shall not constitute the Warrantholder a shareholder of the Corporation nor entitle the Warrantholder to any right or interest in respect thereof except as expressly provided in this Warrant Certificate.
6. **Resale Restrictions and Legends on Common Shares:**

The Common Shares received by the Warrantholder upon the exercise of the Warrants may be subject to a hold period as determined by the *Securities Act* (British Columbia), the rules and policies of the Canadian Securities Exchange (if the common shares are traded on the Canadian Securities Exchange at that time) and/or other applicable securities laws.

Canadian Legends

Any certificate representing Common Shares issued upon the exercise of this Warrant prior to the date which is four months and one day after the date the Company becomes a “reporting issuer” in Canada will bear the following legends:

“UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS 4 MONTHS AND A DAY AFTER THE LATER OF (I) DECEMBER 21, 2019, AND (II) THE DATE THE CORPORATION BECAME A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY OF CANADA.”

provided that at any time subsequent to the date which is four months and one day after the date the Company became a “reporting issuer” any certificate representing such Common Shares may be exchanged for a certificate bearing no such legends.

U.S. Resale Restrictions and Legends

This Warrant and the Common Shares to be issued upon its exercise have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States. This Warrant may not be exercised in the United States, or by or for the account or benefit of a U.S. Person or a person in the United States, unless (i) the Common Shares are registered under the U.S. Securities Act and the applicable laws of any such state, or (ii) an exemption from such registration requirements is available, and (iii) the Warrantholder has complied with the requirements set forth in the subscription form attached hereto as Schedule C.

Any Common Shares issued upon exercise of this Warrant in the United States, or to or for the account or benefit of a U.S. person or a person in the United States, will be “restricted securities”, as defined in Rule 144(a)(3) under the U.S. Securities Act. The certificates representing such Common Shares, as well as all certificates issued in exchange or in substitution therefor, until such time as is no longer required under the applicable requirements of the U.S. Securities Act, or applicable state securities laws, will bear, on the face of such certificate, the following legends:

“THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT”) OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. THE HOLDER HEREOF, BY PURCHASING SUCH SECURITIES, AGREES FOR THE BENEFIT OF CANIVATE GROWING SYSTEMS LTD. (THE “CORPORATION”) THAT SUCH SECURITIES MAY BE OFFERED, SOLD OR OTHERWISE TRANSFERRED ONLY (A) TO THE CORPORATION; (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT; (C) WITHIN THE UNITED STATES IN ACCORDANCE WITH THE EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY RULES 144 THEREUNDER, IF AVAILABLE, AND IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS; OR (D) IN A TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS, AND, IN THE CASE OF PARAGRAPH (C) OR (D), THE SELLER FURNISHES TO THE CORPORATION AN OPINION OF COUNSEL OF RECOGNIZED STANDING IN FORM AND SUBSTANCE SATISFACTORY TO THE CORPORATION TO SUCH EFFECT.

THE PRESENCE OF THIS LEGEND MAY IMPAIR THE ABILITY OF THE HOLDER HEREOF TO EFFECT “GOOD DELIVERY” OF THE SECURITIES REPRESENTED HEREBY ON A CANADIAN STOCK EXCHANGE. A CERTIFICATE WITHOUT A LEGEND MAY BE OBTAINED FROM THE REGISTRAR AND TRANSFER AGENT OF THE CORPORATION IN CONNECTION WITH A SALE OF THE SECURITIES REPRESENTED HEREBY AT A TIME WHEN THE CORPORATION IS A “FOREIGN ISSUER” AS DEFINED IN REGULATION S UNDER THE U.S. SECURITIES ACT, UPON DELIVERY OF THIS CERTIFICATE, AN EXECUTED DECLARATION AND, IF REQUESTED BY THE CORPORATION OR THE TRANSFER AGENT, AN OPINION OF COUNSEL OF RECOGNIZED STANDING, EACH IN FORM AND SUBSTANCE SATISFACTORY TO THE CORPORATION AND ITS TRANSFER AGENT, TO THE EFFECT THAT SUCH SALE OF THE SECURITIES REPRESENTED HEREBY IS BEING MADE IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT.”

provided, that if the Common Shares are being sold outside the United States in compliance with the requirements of Rule 904 of Regulation S under the U.S. Securities Act at a time when the Corporation is a “foreign issuer”, as defined in Rule 902(e) of Regulation S at the time of sale, the legends set forth above may be removed by providing a declaration to the Corporation and its registrar and transfer agent, as set forth in Schedule D attached hereto (or in such other form as the Corporation prescribe from time to time); and provided, further, that, if the Common Shares are being sold otherwise than in accordance with Rule 904 of Regulation S and other than to the Corporation, the legends may be removed by delivery to the Corporation and its registrar and transfer agent of an opinion of counsel, of recognized standing reasonably satisfactory to the Corporation, that such legends are no longer required under applicable requirements of the U.S. Securities Act or state securities laws.

7. **Transfer:** The Warrants are transferable subject to compliance with applicable laws, including the rules and policies of any securities regulatory authority having jurisdiction any and any stock exchange on which the Common Shares are listed or traded. The term “Warrantholder” shall be deemed to include any successor, transferee or assignee of the current or any future Warrantholder. The Warrants may be transferred by the Warrantholder by completing and delivering to the Corporation the transfer form attached hereto as Schedule E, together with any such additional documentation or legal opinions reasonably required by the Corporation to evidence compliance with applicable laws. The Corporation shall issue and deliver, as soon as practicable and in any event within three (3) business days of delivery of such documentation, a new Warrant Certificate registered in the name of such transferee or as the transferee may direct and shall take all other necessary actions to effect the transfer as directed, which warrant certificate shall be endorsed with such legends as required to ensure compliance with applicable laws.
8. **Covenants, Representations and Warranties:** The Corporation hereby represents and warrants that it is authorized to create and issue the Warrants and covenants and agrees that it will cause the Common Shares from time to time subscribed for and purchased in the manner provided in this Warrant Certificate and the certificate or certificates representing such Common Shares to be issued and that, at all times prior to the Expiry Time, it will reserve and there will remain unissued a sufficient number of Common Shares to satisfy the right of purchase provided for in this Warrant Certificate. The Corporation hereby further covenants and agrees that it will at its expense expeditiously use its best efforts to obtain the listing of such Common Shares (subject to issue or notice of issue) on each stock exchange or over-the-counter market on which the Common Shares may be listed from time to time. All Common Shares which are issued upon the exercise of the right of purchase provided in this Warrant Certificate, upon payment therefor of the amount at which such Common Shares may be purchased pursuant to the provisions of this Warrant Certificate, shall be and be deemed to be fully paid and non-assessable shares and free from all taxes, liens and charges with respect to the issue thereof. The Corporation hereby represents and warrants that this Warrant Certificate is a valid and enforceable obligation of the Corporation, enforceable in accordance with the provisions of this Warrant Certificate.
9. **Adjustment Provisions:**
- a) **Adjustments:** The Exercise Price and the number of Common Shares issuable to the Warrantholder upon the exercise of the Warrants shall be subject to adjustment from time to time in the events and in the manner provided as follows:
- i. If at any time during the Adjustment Period the Corporation shall:
- 1) fix a record date for the issue of, or issue, Common Shares to the holders of all or substantially all of the outstanding Common Shares by way of a stock dividend;
 - 2) fix a record date for the distribution to, or make a distribution to, the holders of all or substantially all of the outstanding Common Shares payable in Common Shares or securities exchangeable for or convertible into Common Shares;
-

- 3) subdivide, redivide or exchange the outstanding Common Shares into a greater number of Common Shares; or
- 4) consolidate, combine or reduce the outstanding Common Shares into a lesser number of Common Shares,

(any of such events in subclauses 8(a)(i)(1), 8(a)(i)(2), 8(a)(i)(3) and 8(a)(i)(4) above being herein called a “**Common Share Reorganization**”), the Exercise Price shall be adjusted on the earlier of the record date on which holders of Common Shares are determined for the purposes of the Common Share Reorganization and the effective date of the Common Share Reorganization to the amount determined by multiplying the Exercise Price in effect immediately prior to such record date or effective date, as the case may be, by a fraction:

- A. the numerator of which shall be the number of Common Shares outstanding on such record date or effective date, as the case may be, before giving effect to such Common Share Reorganization; and
- B. the denominator of which shall be the number of Common Shares which will be outstanding immediately after giving effect to such Common Share Reorganization (including in the case of a distribution of securities exchangeable for or convertible into Common Shares the number of Common Shares that would have been outstanding had such securities been exchanged for or converted into Common Shares on such date).

To the extent that any adjustment in the Exercise Price occurs pursuant to this clause 8(a)(i) as a result of the fixing by the Corporation of a record date for the distribution of securities exchangeable for or convertible into Common Shares, the Exercise Price shall be readjusted immediately after the expiry of any relevant exchange or conversion right to the Exercise Price which would then be in effect based upon the number of Common Shares actually issued and remaining issuable after such expiry and shall be further readjusted in such manner upon the expiry of any further such right. Any Warrantholder who has not exercised his right to subscribe for and purchase Common Shares on or prior to the record date of such stock dividend or distribution or the effective date of such subdivision or consolidation, as the case may be, upon the exercise of such right thereafter shall be entitled to receive and shall accept in lieu of the number of Common Shares then subscribed for and purchased by such Warrantholder, at the Exercise Price determined in accordance with this clause 8(a)(i) the aggregate number of Common Shares that such Warrantholder would have been entitled to receive as a result of such Common Share Reorganization, if, on such record date or effective date, as the case may be, such Warrantholder had been the holder of record of the number of Common Shares so subscribed for and purchased.

- ii. If at any time during the Adjustment Period the Corporation shall fix a record date for the issue or distribution to the holders of all or substantially all of the outstanding Common Shares of rights, options or warrants pursuant to which such holders are entitled, during a period expiring not more than 45 days after the record date for such issue (such period being the “**Rights Period**”), to subscribe for or purchase Common Shares or securities exchangeable for or convertible into Common Shares at a price per share to the holder (or in the case of securities exchangeable for or convertible into Common Shares, at an exchange or conversion price per share) at the date of issue of such securities of less than 95% of the Current Market Price of the Common Shares on such record date (any of such events being called a “**Rights Offering**”), the Exercise Price shall be adjusted effective immediately after the record date for such Rights Offering to the amount determined by multiplying the Exercise Price in effect on such record date by a fraction:
- 1) the numerator of which shall be the aggregate of
 - A. the number of Common Shares outstanding on the record date for the Rights Offering, and
 - B. the quotient determined by dividing
 - I. either (a) the product of the number of Common Shares offered during the Rights Period pursuant to the Rights Offering and the price at which such Common Shares are offered, or, (b) the product of the exchange or conversion price of the securities so offered and the number of Common Shares for or into which the securities offered pursuant to the Rights Offering may be exchanged or converted, as the case may be, by
 - II. the Current Market Price of the Common Shares as of the record date for the Rights Offering; and
 - 2) the denominator of which shall be the aggregate of the number of Common Shares outstanding on such record date and the number of Common Shares offered pursuant to the Rights Offering (including in the case of the issue or distribution of securities exchangeable for or convertible into Common Shares the number of Common Shares for or into which such securities may be exchanged or converted).
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If by the terms of the rights, options, or warrants referred to in this clause 8(a)(ii), there is more than one purchase, conversion or exchange price per Common Share, the aggregate price of the total number of additional Common Shares offered for subscription or purchase, or the aggregate conversion or exchange price of the convertible or exchangeable securities so offered, shall be calculated for purposes of the adjustment on the basis of the lowest purchase, conversion or exchange price per Common Share, as the case may be. Any Common Shares owned by or held for the account of the Corporation shall be deemed not to be outstanding for the purpose of any such calculation. To the extent that any adjustment in the Exercise Price occurs pursuant to this clause 8(a)(ii) as a result of the fixing by the Corporation of a record date for the issue or distribution of rights, options or warrants referred to in this clause 8(a)(ii), the Exercise Price shall be readjusted immediately after the expiry of any relevant exchange, conversion or exercise right to the Exercise Price which would then be in effect based upon the number of Common Shares actually issued and remaining issuable after such expiry and shall be further readjusted in such manner upon the expiry of any further such right.

iii. If at any time during the Adjustment Period the Corporation shall fix a record date for the issue or distribution to the holders of all or substantially all of the outstanding Common Shares of:

- 1) shares of the Corporation of any class other than Common Shares;
- 2) rights, options or warrants to acquire Common Shares or securities exchangeable for or convertible into Common Shares (other than rights, options or warrants pursuant to which holders of Common Shares are entitled, during a period expiring not more than 45 days after the record date for such issue, to subscribe for or purchase Common Shares or securities exchangeable for or convertible into Common Shares at a price per share (or in the case of securities exchangeable for or convertible into Common Shares at an exchange or conversion price per share) at the date of issue of such securities to the holder of at least 95% of the Current Market Price of the Common Shares on such record date);
- 3) evidences of indebtedness of the Corporation; or
- 4) any property or assets of the Corporation;

and if such issue or distribution does not constitute a Common Share Reorganization or a Rights Offering (any of such non-excluded events being herein called a “**Special Distribution**”), the Exercise Price shall be adjusted effective immediately after the record date for the Special Distribution to the amount determined by multiplying the Exercise Price in effect on the record date for the Special Distribution by a fraction:

- A. the numerator of which shall be the difference between
 - I. the product of the number of Common Shares outstanding on such record date and the Current Market Price of the Common Shares on such record date, and
-

- II. the fair value, as determined by the directors of the Corporation, to the holders of Common Shares of the shares, rights, options, warrants, evidences of indebtedness or property or assets to be issued or distributed in the Special Distribution, and
- B. the denominator of which shall be the product obtained by multiplying the number of Common Shares outstanding on such record date by the Current Market Price of the Common Shares on such record date.

Any Common Shares owned by or held for the account of the Corporation shall be deemed not to be outstanding for the purpose of such calculation. To the extent that any adjustment in the Exercise Price occurs pursuant to this clause 8(a)(iii) as a result of the fixing by the Corporation of a record date for the issue or distribution of rights, options or warrants to acquire Common Shares or securities exchangeable for or convertible into Common Shares referred to in this clause 8(a)(iii), the Exercise Price shall be readjusted immediately after the expiry of any relevant exercise, exchange or conversion right to the amount which would then be in effect based upon the number of Common Shares issued and remaining issuable after such expiry and shall be further readjusted in such manner upon the expiry of any further such right.

iv. If at any time during the Adjustment Period there shall occur:

- 1) a reclassification or redesignation of the Common Shares, a change of the Common Shares into other shares or securities or any other capital reorganization involving the Common Shares other than a Common Share Reorganization;
- 2) a consolidation, amalgamation or merger of the Corporation or other form of business combination with or into another body corporate which results in a reclassification or redesignation of the Common Shares or a change of the Common Shares into other shares or securities;
- 3) the transfer of the undertaking or assets of the Corporation as an entirety or substantially as an entirety to another corporation or entity;

(any of such events being called a “**Capital Reorganization**”), after the effective date of the Capital Reorganization the Warranthead shall be entitled to receive, and shall accept, for the same aggregate consideration, upon exercise of the Warrants, in lieu of the number of Common Shares to which the Warranthead was theretofore entitled upon the exercise of the Warrants, the kind and aggregate number of shares and other securities or property resulting from the Capital Reorganization which the Warranthead would have been entitled to receive as a result of the Capital Reorganization if, on the effective date thereof, the Warranthead had been the registered holder of the number of Common Shares which the Warranthead was theretofore entitled to purchase or receive upon the exercise of the Warrants. If necessary, as a result of any such Capital Reorganization, appropriate adjustments shall be made in the application of the provisions of this Warrant Certificate with respect to the rights and interests thereafter of the Warranthead to the end that the provisions shall thereafter correspondingly be made applicable as nearly as may reasonably be possible in relation to any shares or other securities or property thereafter deliverable upon the exercise of the Warrants.

v. If at any time during the Adjustment Period any adjustment or readjustment in the Exercise Price shall occur pursuant to the provisions of clause 8(a)(i), 8(a)(ii) or 8(a)(iii) of this Warrant Certificate, then the number of Common Shares purchasable upon the subsequent exercise of the Warrants shall be simultaneously adjusted or readjusted, as the case may be, by multiplying the number of Common Shares purchasable upon the exercise of the Warrants immediately prior to such adjustment or readjustment by a fraction which shall be the reciprocal of the fraction used in the adjustment or readjustment of the Exercise Price.

b) **Rules:** The following rules and procedures shall be applicable to adjustments made pursuant to subsection 8(a) hereof:

- i. Subject to the following clauses of this subsection 8(b), any adjustment made pursuant to subsection 8(a) hereof shall be made successively whenever an event referred to therein shall occur.
 - ii. No adjustment in the Exercise Price shall be required unless such adjustment would result in a change of at least one per cent in the then Exercise Price and no adjustment shall be made in the number of Common Shares purchasable or issuable on the exercise of the Warrants unless it would result in a change of at least one one-hundredth of a Common Share; provided, however, that any adjustments which except for the provision of this clause 8(b)(ii) would otherwise have been required to be made shall be carried forward and taken into account in any subsequent adjustment. Notwithstanding any other provision of subsection 8(a) hereof, no adjustment of the Exercise Price shall be made which would result in an increase in the Exercise Price or a decrease in the number of Common Shares issuable upon the exercise of the Warrants (except in respect of the Common Share Reorganization described in subclause 8(a)(i)(4) hereof or a Capital Reorganization described in subclause 8(a)(iv)(2) hereof).
 - iii. No adjustment in the Exercise Price or in the number or kind of securities purchasable upon the exercise of the Warrants shall be made in respect of any event described in section 8 hereof if the Warranthead is entitled to participate in such event on the same terms *mutatis mutandis* as if the Warranthead had exercised the Warrants prior to or on the record date or effective date, as the case may be, of such event.
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- iv. No adjustment in the Exercise Price or in the number of Common Shares purchasable upon the exercise of the Warrants shall be made pursuant to subsection 8(a) hereof in respect of the issue from time to time of Common Shares pursuant to this Warrant Certificate or pursuant to any stock option, stock purchase or stock bonus plan in effect from time to time for directors, officers or employees of the Corporation and/or any subsidiary of the Corporation and any such issue, and any grant of options in connection therewith, shall be deemed not to be a Common Share Reorganization, a Rights Offering nor any other event described in subsection 8(a) hereof.
 - v. If at any time during the Adjustment Period the Corporation shall take any action affecting the Common Shares, other than an action described in subsection 8(a) hereof, which in the opinion of the directors would have a material adverse effect upon the rights of Warrantheholders, either or both the Exercise Price and the number of Common Shares purchasable upon exercise of Warrants shall be adjusted in such manner and at such time by action by the directors, in their sole discretion, as may be equitable in the circumstances. Failure of the taking of action by the directors so as to provide for an adjustment prior to the effective date of any action by the Corporation affecting the Common Shares shall be deemed to be conclusive evidence that the directors have determined that it is equitable to make no adjustment in the circumstances.
 - vi. If the Corporation shall set a record date to determine holders of Common Shares for the purpose of entitling such holders to receive any dividend or distribution or any subscription or purchase rights and shall, thereafter and before the distribution to such holders of any such dividend, distribution or subscription or purchase rights, legally abandon its plan to pay or deliver such dividend, distribution or subscription or purchase rights, then no adjustment in the Exercise Price or the number of Common Shares purchasable upon exercise of the Warrant shall be required by reason of the setting of such record date.
 - vii. In any case in which this Warrant Certificate shall require that an adjustment shall become effective immediately after a record date for an event referred to in subsection 8(a) hereof, the Corporation may defer, until the occurrence of such event:
 - 1) issuing to the Warrantheholder, to the extent that the Warrants are exercised after such record date and before the occurrence of such event, the additional Common Shares or other securities issuable upon such exercise by reason of the adjustment required by such event; and
 - 2) delivering to the Warrantheholder any distribution declared with respect to such additional Common Shares or other securities after such record date and before such event;
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provided, however, that the Corporation shall deliver to the Warrantholder an appropriate instrument evidencing the right of the Warrantholder upon the occurrence of the event requiring the adjustment, to an adjustment in the Exercise Price or the number of Common Shares purchasable upon the exercise of the Warrants and to such distribution declared with respect to any such additional Common Shares issuable on the exercise of the Warrants.

- viii. In the absence of a resolution of the directors fixing a record date for a Rights Offering, the Corporation shall be deemed to have fixed as the record date therefor the date of the issue of the rights, options or warrants issued pursuant to the Rights Offering.
 - ix. If a dispute shall at any time arise with respect to adjustments of the Exercise Price or the number of Common Shares purchasable upon the exercise of the Warrants, such disputes shall be conclusively determined by the auditors of the Corporation or if they are unable or unwilling to act, by such other firm of independent chartered accountants as may be selected by the directors and any such determination shall be conclusive evidence of the correctness of any adjustment made pursuant to subsection 8(a) hereof and shall be binding upon the Corporation and the Warrantholder.
 - x. As a condition precedent to the taking of any action which would require an adjustment pursuant to subsection 8(a) hereof, including the Exercise Price and the number or class of Common Shares or other securities which are to be received upon the exercise thereof, the Corporation shall take any action which may, in the opinion of counsel to the Corporation, be necessary in order that the Corporation may validly and legally issue as fully paid and non-assessable shares all of the Common Shares or other securities which the Warrantholder is entitled to receive in accordance with the provisions of this Warrant Certificate.
- c) **Notice:** At least 21 days prior to the effective date of any event which requires or might require an adjustment in any of the rights of the Warrantholder under this Warrant Certificate, including the Exercise Price or the number of Common Shares which may be purchased under this Warrant Certificate, the Corporation shall deliver to the Warrantholder a certificate of the Corporation specifying the particulars of such event and, if determinable, the required adjustment and the calculation of such adjustment. In case any adjustment for which a notice in this subsection 8(c) has been given is not then determinable, the Corporation shall promptly after such adjustment is determinable deliver to the Warrantholder a certificate providing the calculation of such adjustment. The Corporation hereby covenants and agrees that the register of transfers and share transfer books for the Common Shares will be open, and that the Corporation will not take any action which might deprive the Warrantholder of the opportunity of exercising the rights of subscription contained in this Warrant Certificate, during such 21 day period.
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10. **Lost Certificate:** If this Warrant Certificate or any replacement hereof becomes stolen, lost, mutilated or destroyed, the Corporation shall, on such terms as it may in its discretion impose, acting reasonably, issue and deliver a new certificate, in form identical hereto but with appropriate changes, representing any unexercised portion of the subscription rights represented hereby to replace the certificate so stolen, lost, mutilated or destroyed.
11. **Further Assurances:** The Corporation hereby covenants and agrees that it will do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, all and every such other act, deed and assurance as the Warrantholder shall reasonably require for the better accomplishing and effectuating of the intentions and provisions of this Warrant Certificate.
12. **Time of Essence:** Time shall be of the essence of this Warrant Certificate.
13. **Governing Laws:** This Warrant Certificate shall be construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.
14. **Notices:** All notices or other communications to be given under this Warrant Certificate shall be delivered by hand or by telecopier and, if delivered by hand, shall be deemed to have been given on the delivery date and, if sent by telecopier, on the date of transmission if sent before 4:00 p.m. on a business day or, if such day is not a business day, on the first business day following the date of transmission.

Notices to the Corporation shall be addressed to:

Canivate Growing Systems Ltd.
Suite 500, 1112 West Pender Street
Vancouver, British Columbia
Canada **V6E 2S1**

Attention: Mr. Ingo Mueller, C.E.O.
E-mail Address: ingo.mueller@canivate.com

Notices to the Warrantholder shall be addressed to the address of the Warrantholder set out on the face page of this Warrant Certificate.

The Corporation and the Warrantholder may change its address for service by notice in writing to the other of them specifying its new address for service under this Warrant Certificate.

15. **Language:** The parties hereto acknowledge and confirm that they have requested that this Warrant Certificate as well as all notices and other documents contemplated hereby be drawn up in the English language. Les parties aux présentes reconnaissent et confirment qu'elles ont exigé que la présente convention ainsi que tous les avis et documents qui s'y rattachent soient rédigés en langue anglaise.
16. **Successors and Assigns:** This Warrant Certificate shall enure to the benefit of the Warrantholder and the successors and assignees thereof and shall be binding upon the Corporation and the successors thereof.

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SCHEDULE B

**SUBSCRIPTION FORM
(Non-U.S. Warrantholders)**

TO: CANIVATE GROWING SYSTEMS LTD.

The undersigned hereby subscribes for _____ common shares ("**Common Shares**") of Canivate Growing Systems Ltd. (the "**Corporation**") (or such other number of Common Shares or other securities to which such subscription entitles the undersigned in lieu thereof or in addition thereto) pursuant to the provisions of the warrant certificate (the "**Warrant Certificate**") dated December 21, 2018 issued by the Corporation to the Warrantholder (as defined in the Warrant Certificate) at the purchase price of \$0.50 (Cdn) per Common Share (or at such other purchase price as may then be in effect under the provisions of the Warrant Certificate) and on and subject to the other terms and conditions specified in the Warrant and encloses herewith a cheque, bank draft or money order or has transmitted good same day funds by wire or other similar transfer in lawful money of Canada payable to or to the order of the Corporation in payment of the subscription price.

By executing this subscription form the undersigned represents and warrants that the undersigned at the time of execution and delivery of this subscription form (i) is not in the United States and is not a "U.S. Person" (as defined in Regulation S promulgated under the United States Securities Act of 1933, as amended, (the "**U.S. Securities Act**")); (ii) is not exercising the right provided for herein for the account or benefit of a U.S. Person or a person in the United States (as defined in Regulation S); (iii) is not exercising Warrants with the intent to distribute either directly or indirectly any of the securities acquirable upon exercise in the United States, except in compliance with the U.S. Securities Act; and (iv) has in all other respects complied with the terms of Regulation S of the U.S. Securities Act.

The undersigned hereby directs that the Common Shares subscribed for be registered and delivered as follows:

Name in Full	Address (include Postal Code)	Number of Common Shares
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DATED this _____ day of _____, 20__.

By: _____
Authorized Signatory

SCHEDULE C

**SUBSCRIPTION FORM
(U.S. Warrantholders)**

TO: CANIVATE GROWING SYSTEMS LTD.

The undersigned hereby subscribes for _____ common shares ("**Common Shares**") of Canivate Growing Systems Ltd. (the "**Corporation**") (or such other number of Common Shares or other securities to which such subscription entitles the undersigned in lieu thereof or in addition thereto) pursuant to the provisions of the warrant certificate (the "**Warrant Certificate**") dated as of issued by the Corporation to the Warrantholder (as defined in the Warrant Certificate) at the purchase price of \$0.50 (Cdn) per Common Share (or at such other purchase price as may then be in effect under the provisions of the Warrant Certificate) and on and subject to the other terms and conditions specified in the Warrant and encloses herewith a cheque, bank draft or money order or has transmitted good same day funds by wire or other similar transfer in lawful money of Canada payable to or to the order of the Corporation in payment of the subscription price.

The undersigned is a resident of the United States or is otherwise subject to the securities laws of the United States and as at the time of exercise hereunder, the undersigned Warrantholder represents, warrants and certifies [**Initial, as appropriate**]:

- [] (a) the undersigned Warrantholder is resident in the United States, is a U.S. person, or is exercising the Warrant for the account or benefit of a U.S. person or a person in the United States (a "**U.S. Holder**"), and is an "accredited investor", as defined in Rule 501(a) of Regulation D under the U.S. Securities Act (a "**U.S. Accredited Investor**"), and has completed the U.S. Accredited Investor Status Certificate in the form attached to this subscription form; OR
- [] (b) if the undersigned Warrantholder is a U.S. Holder, the undersigned Warrantholder has delivered to the Corporation and its registrar and transfer agent an opinion of counsel (which will not be sufficient unless it is in form and substance satisfactory to the Corporation) or such other evidence satisfactory to the Corporation to the effect that with respect to the Common Shares to be delivered upon exercise of the Warrant, the issuance of such securities has been registered under the U.S. Securities Act and applicable state securities laws, or an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws is available.

Note: Certificates representing Common Shares will not be registered or delivered to an address in the United States unless box (a) or (b) immediately above is initialled.

If the undersigned Warrantholder has indicated that the undersigned Warrantholder is a U.S. Accredited Investor by marking box (a) above, the undersigned Warrantholder additionally represents and warrants to the Corporation that:

1. the undersigned Warrantholder has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of an investment in the Common Shares, and the undersigned is able to bear the economic risk of loss of his or her entire investment;

2. the undersigned is: (i) purchasing the Common Shares for his or her own account or for the account of one or more U.S. Accredited Investors with respect to which the undersigned is exercising sole investment discretion, and not on behalf of any other person; (ii) is purchasing the Common Shares for investment purposes only and not with a view to resale, distribution or other disposition in violation of United States federal or state securities laws; and (iii) in the case of the purchase by the undersigned of the Common Shares as agent or trustee for any other person or persons (each a “**Beneficial Purchaser**”), the undersigned Warrantholder has due and proper authority to act as agent or trustee for and on behalf of each such Beneficial Purchaser in connection with the transactions contemplated hereby; provided that: (x) if the undersigned Warrantholder, or any Beneficial Purchaser, is a corporation or a partnership, syndicate, trust or other form of unincorporated organization, the undersigned Warrantholder or each such Beneficial Purchaser was not incorporated or created solely, nor is it being used primarily to permit purchases without a prospectus or registration statement under applicable law; and (y) each Beneficial Purchaser, if any, is a U.S. Accredited Investor; and
3. the undersigned has not exercised the Warrants as a result of any form of general solicitation or general advertising (as such terms are used in Rule 502 of Regulation D under the U.S. Securities Act), including advertisements, articles, notices or other communications published in any newspaper, magazine or similar media, or broadcast over radio, television, the Internet or other form of telecommunications, or any seminar or meeting whose attendees have been invited by general solicitation or general advertising.

If the undersigned has indicated that the undersigned is a U.S. Accredited Investor by marking box (a) above, the undersigned also acknowledges and agrees that:

1. the Corporation has provided to the undersigned the opportunity to ask questions and receive answers concerning the terms and conditions of the offering, and the undersigned has had access to such information concerning the Corporation as the undersigned has considered necessary or appropriate in connection with the undersigned’s investment decision to acquire the Common Shares;
 2. if the undersigned decides to offer, sell or otherwise transfer any of the Common Shares, the undersigned must not, and will not, offer, sell or otherwise transfer any of such Common Shares directly or indirectly, unless:
 - (a) the sale is to the Corporation;
 - (b) the sale is made outside the United States in a transaction meeting the requirements of Rule 904 of Regulation S under the U.S. Securities Act and in compliance with applicable local laws and regulations;
 - (c) the sale is made pursuant to the exemption from the registration requirements under the U.S. Securities Act provided by Rules 144 or 144A thereunder, if available, and in accordance with any applicable state securities or “blue sky” laws; or
 - (d) the Common Shares are sold in a transaction that does not require registration under the U.S. Securities Act or any applicable state laws and regulations governing the offer and sale of securities, and it has prior to such sale furnished to the Corporation an opinion of counsel reasonably satisfactory to the Corporation;
 3. the Common Shares are “restricted securities” under applicable federal securities laws and that the U.S. Securities Act and the rules of the United States Securities and Exchange Commission provide in substance that the undersigned may dispose of the Common Shares only pursuant to an effective registration statement under the U.S. Securities Act or an exemption therefrom;
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4. the Corporation has no obligation to register any of the Common Shares or to take action so as to permit sales pursuant to the U.S. Securities Act (including Rule 144 thereunder);
5. the certificates representing the Common Shares (and any certificates issued in exchange or substitution for the Common Shares) will bear a legend stating that such securities have not been registered under the U.S. Securities Act or the securities laws of any state of the United States, and may not be offered for sale or sold unless registered under the U.S. Securities Act and the securities laws of all applicable states of the United States, or unless an exemption from such registration requirements is available;
6. delivery of certificates bearing such a legend may not constitute "good delivery" in settlement of transactions on Canadian stock exchanges or over-the-counter markets, but if the Corporation is a "foreign issuer" (within the meaning of Regulation S promulgated under the U.S. Securities Act) at the time of sale, a new certificate will be made available to the undersigned upon provision by the undersigned of a declaration to the Corporation and its registrar and transfer agent (the "**Transfer Agent**") in the form attached as Schedule C hereto (or in such other form as the Corporation may prescribe from time to time) and, if requested by the Corporation or the Transfer Agent, an opinion of counsel of recognized standing in form and substance satisfactory to the Corporation and the Transfer Agent to the effect that such sale is being made in compliance with Rule 904 of Regulation S; and provided, further, that, if any Common Shares are being sold otherwise than in accordance with Rule 904 of Regulation S and other than to the Corporation, the legend may be removed by delivery to the Transfer Agent and the Corporation of an opinion of counsel, of recognized standing reasonably satisfactory to the Corporation, that such legend is no longer required under applicable requirements of the U.S. Securities Act or state securities laws;
7. the financial statements of the Corporation have been prepared in accordance with Canadian generally accepted accounting principles or International Financial Reporting Standards, which differ in some respects from United States generally accepted accounting principles, and thus may not be comparable to financial statements of United States companies;
8. there may be material tax consequences to the undersigned of an acquisition or disposition of the Common Shares;
9. the Corporation gives no opinion and makes no representation with respect to the tax consequences to the undersigned under United States, state, local or foreign tax law of the undersigned's acquisition or disposition of any Common Shares; in particular, no determination has been made whether the Corporation will be a "passive foreign investment company" (commonly known as a "PFIC") within the meaning of Section 1297 of the United States *Internal Revenue Code*;
10. funds representing the subscription price for the Common Shares which will be advanced by the undersigned to the Corporation upon exercise of the Warrants will not represent proceeds of crime for the purposes of the United States *Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act* (the "**PATRIOT Act**"), and the undersigned acknowledges that the Corporation may in the future be required by law to disclose the undersigned's name and other information relating to this exercise form and the undersigned's subscription hereunder, on a confidential basis, pursuant to the PATRIOT Act. No portion of the subscription price to be provided by the undersigned (i) has been or will be derived from or related to any activity that is deemed criminal under the laws of the United States of America, or any other jurisdiction, or (ii) is being tendered on behalf of a person or entity who has not been identified to or by the undersigned, and it shall promptly notify the Corporation if the undersigned discovers that any of such representations ceases to be true and provide the Corporation with appropriate information in connection therewith;
11. the Corporation is not obligated to remain a "foreign issuer"; and
12. the undersigned consents to the Corporation making a notation on its records or giving instructions to any transfer agent of the Corporation in order to implement the restrictions on transfer set forth and described in this subscription form.

The undersigned hereby directs that the Common Shares subscribed for be registered and delivered as follows:

Name in Full	Address (include Postal Code)	Number of Common Shares
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DATED this _____ day of _____, 20__.

By: _____
Authorized Signatory

APPENDIX C-1

U.S. ACCREDITED INVESTOR STATUS CERTIFICATE

TO: CANIVATE GROWING SYSTEMS LTD.

In connection with the purchase by the undersigned or the disclosed principal, the undersigned (the **“Purchaser”**) hereby represents and warrants that the Purchaser (and, if the Purchaser is acting on behalf of a beneficial purchaser, such beneficial purchaser) is an **“Accredited Investor”**, as defined in Rule 501(a) under the United States Securities Act of 1933, as amended (the **“U.S. Securities Act”**) as a result of satisfying one or more of the following categories of Accredited Investor below to which the undersigned has affixed his or her initials (the line identified as **“BP”** is to be initialed by the beneficial purchaser, if any, on each line that applies).

_____ a natural person whose individual net worth, or joint net worth with that person’s spouse, at the time of his or her purchase exceeds US\$1,000,000 (for the purposes of calculating net worth: (i) the person’s primary residence shall not be included as an asset; (ii) indebtedness that is secured by the person’s primary residence, up to the estimated fair market value of the primary residence at the time of the sale and purchase of securities contemplated by the accompanying
_____ (BP)Subscription Form, shall not be included as a liability (except that if the amount of such indebtedness outstanding at the time of the sale and purchase of securities contemplated by the accompanying Subscription Form exceeds the amount outstanding 60 days before such time, other than as a result of the acquisition of the primary residence, the amount of such excess shall be included as a liability); and (iii) indebtedness that is secured by the person’s primary residence in excess of the estimated fair market value of the primary residence shall be included as a liability).

_____ A natural person who had annual gross income during each of the last two full calendar years in excess of US\$200,000 (or together with his or her spouse in excess of US\$300,000) and reasonably expects to have annual gross income in excess of US\$200,000 (or together with his or her spouse in excess of
_____ (BP)US\$300,000) during the current calendar year, and no reason to believe that his or her annual gross income will not remain in excess of US\$200,000 (or that together with his or her spouse will not remain in excess of US\$300,000) for the foreseeable future;

_____ Any bank as defined in Section 3(a)(2) of the United States Securities Act of 1933, as amended (the **“U.S. Securities Act”**), or any savings and loan association or other institution as defined in Section 3(a)(5)(A) of the U.S. Securities Act whether acting in its individual or fiduciary capacity; any broker or
_____ (BP)dealer registered pursuant to Section 15 of the U.S. Securities Exchange Act of 1934; any insurance company as defined in Section 2(a)(13) of the U.S. Securities Act; any investment company registered under the U.S. Investment Company Act of 1940 or a business development company as defined in Section 2(a)(48) of that Act; any Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the U.S. Small Business Investment Act of 1958; any plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of US\$5,000,000; any employee benefit plan within the meaning of the U.S. Employee Retirement Income Security Act of 1974 if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of such Act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of US\$5,000,000, or, if a self-directed plan, with investment decisions made solely by persons that are **“accredited investors”** (as such term is defined in Rule 501 of Regulation D of the U.S. Securities Act).

_____ Any private business development company as defined in Section 202(a)(22) of the U.S. Investment Advisers Act of 1940.

(BP)

_____ Any organization described in Section 501(c)(3) of the U.S. Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of US\$5,000,000.

(BP)

_____ Any director or executive officer of Canivate Growing Systems Ltd.

(BP)

_____ Any trust with total assets in excess of US\$5,000,000, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person (being defined as a person who has such knowledge and experience in financial and business matters that he or she is capable of (BP)evaluating the merits and risks of the prospective investment).

_____ Any entity in which all of the equity owners meet the requirements of at least one of the above categories.

(BP)

DATED at _____ this _____ day of _____, 20__.

By: _____

Name: _____

Title: _____

SCHEDULE D

FORM OF DECLARATION FOR REMOVAL OF LEGEND

TO: Canivate Growing Systems Ltd. (the “**Corporation**”)

AND TO: The registrar and transfer agent for the securities of Canivate Growing Systems Ltd.

The undersigned (A) acknowledges that the sale of the _____ Common Shares in the capital of the Corporation represented by certificate number _____, to which this declaration relates, is being made in reliance on Rule 904 of Regulation S under the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”), and (B) certifies that (1) the undersigned is not an “affiliate” (as defined in Rule 405 under the U.S. Securities Act) of the Corporation or a “distributor”, as defined in Regulation S, or an affiliate of a “distributor”; (2) the offer of such securities was not made to a person in the United States and either (a) at the time the buy order was originated, the buyer was outside the United States, or the seller and any person acting on its behalf reasonably believe that the buyer was outside the United States, or (b) the transaction was executed on or through the facilities of the Canadian Securities Exchange or any other designated offshore securities market within the meaning of Rule 902(b) of Regulation S under the U.S. Securities Act, and neither the seller nor any person acting on its behalf knows that the transaction has been prearranged with a buyer in the United States; (3) neither the seller nor any affiliate of the seller nor any person acting on their behalf has engaged in any directed selling efforts in connection with the offer and sale of such securities; (4) the sale is bona fide and not for the purpose of “washing off” the resale restrictions imposed because the securities are “restricted securities” (as such term is defined in Rule 144(a)(3) under the U.S. Securities Act); (5) the seller does not intend to replace the securities sold in reliance on Rule 904 of Regulation S under the U.S. Securities Act with fungible unrestricted securities; and (6) the contemplated sale is not a transaction, or part of a series of transactions which, although in technical compliance with Regulation S, is part of a plan or a scheme to evade the registration provisions of the U.S. Securities Act. Unless otherwise specified, terms used herein have the meanings given to them by Regulation S under the U.S. Securities Act.

Dated: _____

Signature of individual (if Seller is an individual)

Authorized signatory (if Seller is not an individual)

Name of Seller (please print)

Name of authorized signatory (please print)

Official capacity of authorized signatory (please print)

Affirmation by Seller's Broker-Dealer (Required for sale pursuant to paragraph (B)(2)(b) above)

We have read the foregoing representations of our customer, _____ (the "**Seller**") dated _____, with regard to the sale, for such Seller's account, of the securities of the Corporation described therein, and we hereby affirm that: (a) we have no knowledge that the transaction had been prearranged with a buyer in the United States; (b) the transaction was executed on or through the facilities of the Canadian Securities Exchange or another "designated offshore securities market"; (c) neither we, nor any person acting on our behalf, engaged in any directed selling efforts in connection with the offer and sale of such securities, and (d) no selling concession, fee or other remuneration is being paid to us in connection with this offer and sale other than the usual and customary broker's commission that would be received by a person executing such transaction as agent. Terms used herein have the meanings given to them by Regulation S under the U.S. Securities Act.

Name of Firm

By:

Authorized officer

Date:

SCHEDULE E

FORM OF TRANSFER

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

(include name and address of the transferee) Warrants exercisable for common shares of Canivate Growing Systems Ltd. (the "**Corporation**") registered in the name of the undersigned on the register of the Corporation maintained therefor, and hereby irrevocably appoints

the attorney of the undersigned to transfer the said securities on the books maintained by the Corporation with full power of substitution.

DATED this _____ day of _____, 20__.

Signature of Transferor guaranteed by:

**Medallion Signature Guarantee
Stamp of Transferor**

Signature of Transferor

Address of Transferor

The Transferor hereby certifies that:

(check one)

- ☐ the transferee was not offered the Warrants in the United States and is not in the United States or a "U.S. Person" (as defined in Regulation S under the *United States Securities Act of 1933*, as amended (the "**U.S. Securities Act**")), and is not acquiring the Warrants for the account or benefit of a person in the United States or a U.S. Person; or
- ☐ enclosed herewith is an opinion of counsel (which the transferee understands must be satisfactory to the Corporation) to the effect that no violation of the U.S. Securities Act or applicable securities laws will result from transfer, exercise or deemed exercise of the Warrants.

It is understood that the Corporation may require additional evidence necessary to verify the foregoing.

INSTRUCTIONS FOR TRANSFER

1. The signature of the Warrantholder must correspond with the name written upon the face of this Warrant Certificate in every particular without any changes whatsoever.
 2. If the Transfer Form is signed by a trustee, executor, administrator, curator, guardian, attorney, officer of a corporation or any person acting in a fiduciary or representative capacity, the certificate must be accompanied by evidence of authority to sign satisfactory to the Corporation.
 3. The signature on the Transfer Form must be guaranteed by a chartered bank or trust company, or a member firm of an approved signature guarantee medallion program. The guarantor must affix a stamp bearing the actual words: "SIGNATURE GUARANTEED".
 4. The Warrants will only be transferable in accordance with applicable laws. The Warrants and the common shares issuable upon exercise thereof have not been and will not be registered under the U.S. Securities Act, or under the securities laws of any state of the United States, and may not be transferred to or for the account or benefit of a U.S. person or any person in the United States without registration under the U.S. Securities Act and applicable state securities laws, or compliance with the requirements of an exemption from registration. "United States" and "U.S. Person" are as defined in Regulation S under the U.S. Securities Act.
- _____

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS 4 MONTHS AND A DAY AFTER THE LATER OF (I) MAY 2, 2019, AND (II) THE DATE THE CORPORATION BECAME A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY OF CANADA.

THE WARRANT EVIDENCED HEREBY IS EXERCISABLE ON OR BEFORE 5:00 PM (VANCOUVER TIME) ON MAY 2, 2024, SUBJECT TO ACCELERATION OF THE EXPIRY TIME AND THE EXPIRY DATE AS SET FORTH HEREIN, AFTER WHICH TIME THE WARRANTS EVIDENCED HEREBY SHALL BE DEEMED TO BE VOID AND OF NO FURTHER FORCE OR EFFECT.

**WARRANTS TO PURCHASE
COMMON SHARES OF CANIVATE GROWING SYSTEMS LTD.**

Warrant Certificate Number:

Number of Warrants:

«Warrant_Cert_No»

«No_of_Warrants»

THIS IS TO CERTIFY THAT for value received «Registration_Name», «Registration_Address» (the “Warrantholder”) has the right to purchase in respect of each whole warrant (collectively the “Warrants”) represented by this certificate or by a replacement certificate (in either case this “Warrant Certificate”), at any time up to 5:00 PM Vancouver time (the “Expiry Time”), on May 2, 2024 (the “Expiry Date”), subject to acceleration as provided in Section 3 of Schedule “A” to this Warrant Certificate one fully paid and non-assessable common share (collectively the “Common Shares” and which term shall include any shares or other securities to be issued in addition thereto or in substitution or replacement therefor as provided herein) of Canivate Growing Systems Ltd. (the “Corporation”), a corporation incorporated under the *British Columbia Business Corporations Act*, as constituted on the date hereof at a purchase price (the purchase price in effect from time to time being called the “Exercise Price”) of \$2.00 (Cdn) per Common Share. The number of Common Shares which the Warrantholder is entitled to acquire upon exercise of the Warrants and the Exercise Price are subject to adjustment as hereinafter provided.

The Corporation agrees that the Common Shares purchased pursuant to the exercise of the Warrants shall be and be deemed to be issued to the Warrantholder as of the close of business on the date on which this Warrant Certificate shall have been surrendered and payment made for such Common Shares as aforesaid.

Nothing contained herein shall confer any right upon the Warrantholder to subscribe for or purchase any Common Shares at any time after the Expiry Time on the Expiry Date and from and after the Expiry Time on the Expiry Date the Warrants (unless expiry is accelerated under Section 3 of Schedule “A”) and all rights under this Warrant Certificate shall be void and of no value.

This Warrant Certificate is issued upon the terms and conditions as are set out in Schedule “A” hereto, which terms, conditions and provisions are attached hereto and are incorporated herein and form a part hereof. Unless the context otherwise requires capitalized expressions herein shall have the meanings provided for in Schedule “A” hereto.

IN WITNESS WHEREOF the Corporation has caused this Warrant Certificate to be executed by its duly authorized officers this 2nd day of May, 2019.

CANIVATE GROWING SYSTEMS LTD.

Per:

Authorized Signatory

SCHEDULE "A"
TERMS AND CONDITIONS
ATTACHED TO WARRANTS ISSUED BY
CANIVATE GROWING SYSTEMS LTD.
(the "**Corporation**")

Each Warrant is subject to these Terms and Conditions as they were at the date of issue of the Warrant.

Terms used but not otherwise defined herein have the meaning ascribed thereto on the face page of the Warrant Certificate.

1. **Definitions:** In this Warrant Certificate, unless there is something in the subject matter or context inconsistent therewith, the following expressions shall have the following meanings namely:
- a) "**Accelerated Expiry Date**" has the meaning set forth in Section 3 of this Warrant Certificate;
 - b) "**Acceleration Notice**" has the meaning set forth in Section 3 of this Warrant Certificate;
 - c) "**Adjustment Period**" means the period commencing on the date of issue of the Warrants and ending at the Expiry Time on the Expiry Date;
 - d) "**Current Market Price**" of the Common Shares at any date means the price per share equal to the weighted average price at which the Common Shares have traded on the Canadian Securities Exchange or, if the Common Shares are not then listed on the Canadian Securities Exchange, on such other Canadian stock exchange as may be selected by the directors of the Corporation for such purpose or, if the Common Shares are not then listed on any Canadian stock exchange, in the over-the-counter market, during the period of any 20 consecutive trading days ending not more than five business days before such date; provided that the weighted average price shall be determined by dividing the aggregate sale price of all Common Shares sold on the said exchange or market, as the case may be, during such 20 consecutive trading days by the total number of Common Shares so sold; and provided further that if the Common Shares are not then listed on any Canadian stock exchange or traded in the over-the-counter market, then the Current Market Price shall be determined by a firm of independent chartered accountants selected by the directors of the Corporation;
 - e) "**director**" means a director of the Corporation for the time being and, unless otherwise specified herein, a reference to action "by the directors" means action by the directors of the Corporation as a board or, whenever empowered, action by any committee of the directors of the Corporation;
 - f) "**trading day**" with respect to a stock exchange or over-the-counter market means a day on which such stock exchange or market is open for business;
 - g) "**Regulation S**" means Regulation S promulgated under the U.S. Securities Act;
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- h) “**United States**” has the meaning prescribed in Regulation S;
- i) “**U.S. Person**” has the meaning prescribed in Regulation S; and
- j) “**U.S. Securities Act**” means the United States Securities Act of 1933, as amended.

In addition, words importing the singular number include the plural and vice versa, and words importing the masculine gender include feminine and neuter genders.

2. **Exercise:** In the event that the Warrantholder desires to exercise the right to purchase Common Shares conferred hereby, the Warrantholder shall:

- a) complete to the extent possible in the manner indicated and execute a subscription form in the form attached as Schedule “B” to this Warrant Certificate if the Warrantholder is not a U.S. Person, resident in the United States or otherwise not subject to the securities laws of the United States, or Schedule “C” to this Warrant Certificate if the Warrantholder is a U.S. Person, resident in the United States or otherwise subject to the securities laws of the United States,
- b) surrender this Warrant Certificate to the Corporation in accordance with section 13 hereof, and
- c) pay the amount payable on the exercise of such Warrants in respect of the Common Shares subscribed for by certified cheque, bank draft or money order in lawful money of Canada payable to the Corporation or by transmitting same day funds in lawful money of Canada by wire to such account as the Corporation shall direct the Warrantholder.

Upon such surrender and payment as aforesaid, the Warrantholder shall be deemed for all purposes to be the holder of record of the number of Common Shares to be so issued and the Warrantholder shall be entitled to delivery of a certificate or certificates representing such Common Shares and the Corporation shall cause such certificate or certificates to be delivered to the Warrantholder at the address specified in the subscription form within three business days after such surrender and payment as aforesaid. No fractional Common Shares will be issuable upon any exercise of this Warrant and the Warrantholder will not be entitled to any cash payment or compensation in lieu of a fractional Common Share.

3. **Acceleration of Expiry Time:** In the event that the Common Shares trade for a minimum of \$3.00 per Common Share for any ten (10) consecutive trading days at any time prior to the Expiry Date, the Company may accelerate the Expiry Date for the Warrants as follows:

- a) the Company will be entitled to give notice of acceleration (an “**Acceleration Notice**”) to the Warrantholder in order to accelerate the Expiry Date;
 - b) upon delivery of an Acceleration Notice to a Warrantholder, the Expiry Date will be accelerated to 5:00pm on the date that is 30 calendar days from the date of delivery of the Acceleration Notice to the Warrantholder (the “**Accelerated Expiry Date**”);
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- c) the Warrantholder will be entitled to exercise the Warrants up to the Expiry Time on the Accelerated Expiry Date; and
 - d) if the Warrantholder does not exercise the Warrants by the Expiry Time on the Accelerated Expiry Date, the Warrant and the rights provided under this Warrant Certificate will terminate.
4. **Partial Exercise:** The Warrantholder may from time to time subscribe for and purchase any lesser number of Common Shares than the number of Common Shares expressed in this Warrant Certificate. In the event that the Warrantholder subscribes for and purchases any such lesser number of Common Shares prior to the Expiry Time on the Expiry Date, the Warrantholder shall be entitled to receive a replacement certificate representing the unexercised balance of the Warrants.
5. **Not a Shareholder:** The holding of the Warrants shall not constitute the Warrantholder a shareholder of the Corporation nor entitle the Warrantholder to any right or interest in respect thereof except as expressly provided in this Warrant Certificate.
6. **Resale Restrictions and Legends on Common Shares:**

The Common Shares received by the Warrantholder upon the exercise of the Warrants may be subject to a hold period as determined by the *Securities Act* (British Columbia), the rules and policies of the Canadian Securities Exchange (if the Common Shares are traded on the Canadian Securities Exchange at that time) or any other stock exchange on which the Common Shares are listed and/or other applicable securities laws.

Canadian Legends

Any certificate representing Common Shares issued upon the exercise of this Warrant prior to the date which is four months and one day after the date the Company becomes a “reporting issuer” in Canada will bear the following legends (or other legend as required to comply with applicable securities laws):

“UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS 4 MONTHS AND A DAY AFTER THE LATER OF (I) MAY 2, 2019, AND (II) THE DATE THE CORPORATION BECAME A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY OF CANADA.”

provided that at any time subsequent to the date which is four months and one day after the date the Company became a “reporting issuer” any certificate representing such Common Shares may be exchanged for a certificate bearing no such legends.

U.S. Resale Restrictions and Legends

This Warrant and the Common Shares to be issued upon its exercise have not been and will not be registered under the U.S. Securities Act or the securities laws of any state of the United States. This Warrant may not be exercised in the United States, or by or for the account or benefit of a U.S. Person or a person in the United States, unless (i) the Common Shares are registered under the U.S. Securities Act and the applicable laws of any such state, or (ii) an exemption from such registration requirements is available, and (iii) the Warrantholder has complied with the requirements set forth in the subscription form attached hereto as Schedule “C”.

Any Common Shares issued upon exercise of this Warrant in the United States, or to or for the account or benefit of a U.S. person or a person in the United States, will be “restricted securities”, as defined in Rule 144(a)(3) under the U.S. Securities Act. The certificates representing such Common Shares, as well as all certificates issued in exchange or in substitution therefor, until such time as is no longer required under the applicable requirements of the U.S. Securities Act, or applicable state securities laws, will bear, on the face of such certificate, the following legends:

“THE SECURITIES REPRESENTED HEREBY HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT”) OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. THE HOLDER HEREOF, BY PURCHASING SUCH SECURITIES, AGREES FOR THE BENEFIT OF CANIVATE GROWING SYSTEMS LTD. (THE “CORPORATION”) THAT SUCH SECURITIES MAY BE OFFERED, SOLD OR OTHERWISE TRANSFERRED ONLY (A) TO THE CORPORATION; (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT; (C) WITHIN THE UNITED STATES IN ACCORDANCE WITH THE EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY RULES 144 THEREUNDER, IF AVAILABLE, AND IN COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS; OR (D) IN A TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAWS, AND, IN THE CASE OF PARAGRAPH (C) OR (D), THE SELLER FURNISHES TO THE CORPORATION AN OPINION OF COUNSEL OF RECOGNIZED STANDING IN FORM AND SUBSTANCE SATISFACTORY TO THE CORPORATION TO SUCH EFFECT.

THE PRESENCE OF THIS LEGEND MAY IMPAIR THE ABILITY OF THE HOLDER HEREOF TO EFFECT “GOOD DELIVERY” OF THE SECURITIES REPRESENTED HEREBY ON A CANADIAN STOCK EXCHANGE. A CERTIFICATE WITHOUT A LEGEND MAY BE OBTAINED FROM THE REGISTRAR AND TRANSFER AGENT OF THE CORPORATION IN CONNECTION WITH A SALE OF THE SECURITIES REPRESENTED HEREBY AT A TIME WHEN THE CORPORATION IS A “FOREIGN ISSUER” AS DEFINED IN REGULATION S UNDER THE U.S. SECURITIES ACT, UPON DELIVERY OF THIS CERTIFICATE, AN EXECUTED DECLARATION AND, IF REQUESTED BY THE CORPORATION OR THE TRANSFER AGENT, AN OPINION OF COUNSEL OF RECOGNIZED STANDING, EACH IN FORM AND SUBSTANCE SATISFACTORY TO THE CORPORATION AND ITS TRANSFER AGENT, TO THE EFFECT THAT SUCH SALE OF THE SECURITIES REPRESENTED HEREBY IS BEING MADE IN COMPLIANCE WITH RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT.”

provided, that if the Common Shares are being sold outside the United States in compliance with the requirements of Rule 904 of Regulation S under the U.S. Securities Act at a time when the Corporation is a “foreign issuer”, as defined in Rule 902(e) of Regulation S at the time of sale, the legends set forth above may be removed by providing a declaration to the Corporation and its registrar and transfer agent, as set forth in Schedule “D” attached hereto (or in such other form as the Corporation prescribe from time to time); and provided, further, that, if the Common Shares are being sold otherwise than in accordance with Rule 904 of Regulation S and other than to the Corporation, the legends may be removed by delivery to the Corporation and its registrar and transfer agent of an opinion of counsel, of recognized standing reasonably satisfactory to the Corporation, that such legends are no longer required under applicable requirements of the U.S. Securities Act or state securities laws.

7. **Transfer:** The Warrants are transferable subject to compliance with applicable laws, including the rules and policies of any securities regulatory authority having jurisdiction any and any stock exchange on which the Common Shares are listed or traded. The term “Warrantholder” shall be deemed to include any successor, transferee or assignee of the current or any future Warrantholder. The Warrants may be transferred by the Warrantholder by completing and delivering to the Corporation the transfer form attached hereto as Schedule “E”, together with any such additional documentation or legal opinions reasonably required by the Corporation to evidence compliance with applicable laws. The Corporation shall issue and deliver, as soon as practicable and in any event within three (3) business days of delivery of such documentation, a new Warrant Certificate registered in the name of such transferee or as the transferee may direct and shall take all other necessary actions to effect the transfer as directed, which warrant certificate shall be endorsed with such legends as required to ensure compliance with applicable laws.
 8. **Covenants, Representations and Warranties:** The Corporation hereby represents and warrants that it is authorized to create and issue the Warrants and covenants and agrees that it will cause the Common Shares from time to time subscribed for and purchased in the manner provided in this Warrant Certificate and the certificate or certificates representing such Common Shares to be issued and that, at all times prior to the Expiry Time on the Expiry Date, it will reserve and there will remain unissued a sufficient number of Common Shares to satisfy the right of purchase provided for in this Warrant Certificate. The Corporation hereby further covenants and agrees that it will at its expense expeditiously use its best efforts to obtain the listing of such Common Shares (subject to issue or notice of issue) on each stock exchange or over-the-counter market on which the Common Shares may be listed from time to time. All Common Shares which are issued upon the exercise of the right of purchase provided in this Warrant Certificate, upon payment therefor of the amount at which such Common Shares may be purchased pursuant to the provisions of this Warrant Certificate, shall be and be deemed to be fully paid and non-assessable shares and free from all taxes, liens and charges with respect to the issue thereof. The Corporation hereby represents and warrants that this Warrant Certificate is a valid and enforceable obligation of the Corporation, enforceable in accordance with the provisions of this Warrant Certificate.
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9. **Adjustment Provisions:**

a) **Adjustments:** The Exercise Price and the number of Common Shares issuable to the Warrantholder upon the exercise of the Warrants shall be subject to adjustment from time to time in the events and in the manner provided as follows:

i. If at any time during the Adjustment Period the Corporation shall:

- 1) fix a record date for the issue of, or issue, Common Shares to the holders of all or substantially all of the outstanding Common Shares by way of a stock dividend;
- 2) fix a record date for the distribution to, or make a distribution to, the holders of all or substantially all of the outstanding Common Shares payable in Common Shares or securities exchangeable for or convertible into Common Shares;
- 3) subdivide, redivide or exchange the outstanding Common Shares into a greater number of Common Shares; or
- 4) consolidate, combine or reduce the outstanding Common Shares into a lesser number of Common Shares,

(any of such events in subclauses 9(a)(i)(1), 9(a)(i)(2), 9(a)(i)(3) and 9(a)(i)(4) above being herein called a **Common Share Reorganization**), the Exercise Price shall be adjusted on the earlier of the record date on which holders of Common Shares are determined for the purposes of the Common Share Reorganization and the effective date of the Common Share Reorganization to the amount determined by multiplying the Exercise Price in effect immediately prior to such record date or effective date, as the case may be, by a fraction:

- A. the numerator of which shall be the number of Common Shares outstanding on such record date or effective date, as the case may be, before giving effect to such Common Share Reorganization; and
 - B. the denominator of which shall be the number of Common Shares which will be outstanding immediately after giving effect to such Common Share Reorganization (including in the case of a distribution of securities exchangeable for or convertible into Common Shares the number of Common Shares that would have been outstanding had such securities been exchanged for or converted into Common Shares on such date).
-

To the extent that any adjustment in the Exercise Price occurs pursuant to this clause 9(a)(i) as a result of the fixing by the Corporation of a record date for the distribution of securities exchangeable for or convertible into Common Shares, the Exercise Price shall be readjusted immediately after the expiry of any relevant exchange or conversion right to the Exercise Price which would then be in effect based upon the number of Common Shares actually issued and remaining issuable after such expiry and shall be further readjusted in such manner upon the expiry of any further such right. Any Warrantholder who has not exercised his right to subscribe for and purchase Common Shares on or prior to the record date of such stock dividend or distribution or the effective date of such subdivision or consolidation, as the case may be, upon the exercise of such right thereafter shall be entitled to receive and shall accept in lieu of the number of Common Shares then subscribed for and purchased by such Warrantholder, at the Exercise Price determined in accordance with this clause 9(a)(i) the aggregate number of Common Shares that such Warrantholder would have been entitled to receive as a result of such Common Share Reorganization, if, on such record date or effective date, as the case may be, such Warrantholder had been the holder of record of the number of Common Shares so subscribed for and purchased.

- ii. If at any time during the Adjustment Period the Corporation shall fix a record date for the issue or distribution to the holders of all or substantially all of the outstanding Common Shares of rights, options or warrants pursuant to which such holders are entitled, during a period expiring not more than 45 days after the record date for such issue (such period being the “**Rights Period**”), to subscribe for or purchase Common Shares or securities exchangeable for or convertible into Common Shares at a price per share to the holder (or in the case of securities exchangeable for or convertible into Common Shares, at an exchange or conversion price per share) at the date of issue of such securities of less than 95% of the Current Market Price of the Common Shares on such record date (any of such events being called a “**Rights Offering**”), the Exercise Price shall be adjusted effective immediately after the record date for such Rights Offering to the amount determined by multiplying the Exercise Price in effect on such record date by a fraction:

- 1) the numerator of which shall be the aggregate of
 - A. the number of Common Shares outstanding on the record date for the Rights Offering, and
 - B. the quotient determined by dividing
 - I. either (a) the product of the number of Common Shares offered during the Rights Period pursuant to the Rights Offering and the price at which such Common Shares are offered, or, (b) the product of the exchange or conversion price of the securities so offered and the number of Common Shares for or into which the securities offered pursuant to the Rights Offering may be exchanged or converted, as the case may be, by
 - II. the Current Market Price of the Common Shares as of the record date for the Rights Offering; and
-

- 2) the denominator of which shall be the aggregate of the number of Common Shares outstanding on such record date and the number of Common Shares offered pursuant to the Rights Offering (including in the case of the issue or distribution of securities exchangeable for or convertible into Common Shares the number of Common Shares for or into which such securities may be exchanged or converted).

If by the terms of the rights, options, or warrants referred to in this clause 9(a)(ii), there is more than one purchase, conversion or exchange price per Common Share, the aggregate price of the total number of additional Common Shares offered for subscription or purchase, or the aggregate conversion or exchange price of the convertible or exchangeable securities so offered, shall be calculated for purposes of the adjustment on the basis of the lowest purchase, conversion or exchange price per Common Share, as the case may be. Any Common Shares owned by or held for the account of the Corporation shall be deemed not to be outstanding for the purpose of any such calculation. To the extent that any adjustment in the Exercise Price occurs pursuant to this clause 9(a)(ii) as a result of the fixing by the Corporation of a record date for the issue or distribution of rights, options or warrants referred to in this clause 9(a)(ii), the Exercise Price shall be readjusted immediately after the expiry of any relevant exchange, conversion or exercise right to the Exercise Price which would then be in effect based upon the number of Common Shares actually issued and remaining issuable after such expiry and shall be further readjusted in such manner upon the expiry of any further such right.

- iii. If at any time during the Adjustment Period the Corporation shall fix a record date for the issue or distribution to the holders of all or substantially all of the outstanding Common Shares of:

- 1) shares of the Corporation of any class other than Common Shares;
 - 2) rights, options or warrants to acquire Common Shares or securities exchangeable for or convertible into Common Shares (other than rights, options or warrants pursuant to which holders of Common Shares are entitled, during a period expiring not more than 45 days after the record date for such issue, to subscribe for or purchase Common Shares or securities exchangeable for or convertible into Common Shares at a price per share (or in the case of securities exchangeable for or convertible into Common Shares at an exchange or conversion price per share) at the date of issue of such securities to the holder of at least 95% of the Current Market Price of the Common Shares on such record date);
 - 3) evidences of indebtedness of the Corporation; or
-

- 4) any property or assets of the Corporation;

and if such issue or distribution does not constitute a Common Share Reorganization or a Rights Offering (any of such non-excluded events being herein called a “**Special Distribution**”), the Exercise Price shall be adjusted effective immediately after the record date for the Special Distribution to the amount determined by multiplying the Exercise Price in effect on the record date for the Special Distribution by a fraction:

- A. the numerator of which shall be the difference between
 - I. the product of the number of Common Shares outstanding on such record date and the Current Market Price of the Common Shares on such record date, and
 - II. the fair value, as determined by the directors of the Corporation, to the holders of Common Shares of the shares, rights, options, warrants, evidences of indebtedness or property or assets to be issued or distributed in the Special Distribution, and
- B. the denominator of which shall be the product obtained by multiplying the number of Common Shares outstanding on such record date by the Current Market Price of the Common Shares on such record date.

Any Common Shares owned by or held for the account of the Corporation shall be deemed not to be outstanding for the purpose of such calculation. To the extent that any adjustment in the Exercise Price occurs pursuant to this clause 9(a)(iii) as a result of the fixing by the Corporation of a record date for the issue or distribution of rights, options or warrants to acquire Common Shares or securities exchangeable for or convertible into Common Shares referred to in this clause 9(a)(iii), the Exercise Price shall be readjusted immediately after the expiry of any relevant exercise, exchange or conversion right to the amount which would then be in effect based upon the number of Common Shares issued and remaining issuable after such expiry and shall be further readjusted in such manner upon the expiry of any further such right.

- iv. If at any time during the Adjustment Period there shall occur:

- 1) a reclassification or redesignation of the Common Shares, a change of the Common Shares into other shares or securities or any other capital reorganization involving the Common Shares other than a Common Share Reorganization;
-

- 2) a consolidation, amalgamation or merger of the Corporation or other form of business combination with or into another body corporate which results in a reclassification or redesignation of the Common Shares or a change of the Common Shares into other shares or securities;
- 3) the transfer of the undertaking or assets of the Corporation as an entirety or substantially as an entirety to another corporation or entity;

(any of such events being called a “**Capital Reorganization**”), after the effective date of the Capital Reorganization the Warrantholder shall be entitled to receive, and shall accept, for the same aggregate consideration, upon exercise of the Warrants, in lieu of the number of Common Shares to which the Warrantholder was theretofor entitled upon the exercise of the Warrants, the kind and aggregate number of shares and other securities or property resulting from the Capital Reorganization which the Warrantholder would have been entitled to receive as a result of the Capital Reorganization if, on the effective date thereof, the Warrantholder had been the registered holder of the number of Common Shares which the Warrantholder was theretofore entitled to purchase or receive upon the exercise of the Warrants. If necessary, as a result of any such Capital Reorganization, appropriate adjustments shall be made in the application of the provisions of this Warrant Certificate with respect to the rights and interests thereafter of the Warrantholder to the end that the provisions shall thereafter correspondingly be made applicable as nearly as may reasonably be possible in relation to any shares or other securities or property thereafter deliverable upon the exercise of the Warrants.

- v. If at any time during the Adjustment Period any adjustment or readjustment in the Exercise Price shall occur pursuant to the provisions of clause 9(a)(i), 9(a)(ii) or 9(a)(iii) of this Warrant Certificate, then the number of Common Shares purchasable upon the subsequent exercise of the Warrants shall be simultaneously adjusted or readjusted, as the case may be, by multiplying the number of Common Shares purchasable upon the exercise of the Warrants immediately prior to such adjustment or readjustment by a fraction which shall be the reciprocal of the fraction used in the adjustment or readjustment of the Exercise Price.

- b) **Rules:** The following rules and procedures shall be applicable to adjustments made pursuant to subsection 9(a) hereof:

- i. Subject to the following clauses of this subsection 9(b), any adjustment made pursuant to subsection 9(a) hereof shall be made successively whenever an event referred to therein shall occur.
-

- ii. No adjustment in the Exercise Price shall be required unless such adjustment would result in a change of at least one per cent in the then Exercise Price and no adjustment shall be made in the number of Common Shares purchasable or issuable on the exercise of the Warrants unless it would result in a change of at least one one-hundredth of a Common Share; provided, however, that any adjustments which except for the provision of this clause 9(b)(ii) would otherwise have been required to be made shall be carried forward and taken into account in any subsequent adjustment. Notwithstanding any other provision of subsection 9(a) hereof, no adjustment of the Exercise Price shall be made which would result in an increase in the Exercise Price or a decrease in the number of Common Shares issuable upon the exercise of the Warrants (except in respect of the Common Share Reorganization described in subclause 9(a)(i)(4) hereof or a Capital Reorganization described in subclause 9(a)(iv)(2) hereof).
 - iii. No adjustment in the Exercise Price or in the number or kind of securities purchasable upon the exercise of the Warrants shall be made in respect of any event described in section 9 hereof if the Warrantholder is entitled to participate in such event on the same terms *mutatis mutandis* as if the Warrantholder had exercised the Warrants prior to or on the record date or effective date, as the case may be, of such event.
 - iv. No adjustment in the Exercise Price or in the number of Common Shares purchasable upon the exercise of the Warrants shall be made pursuant to subsection 9(a) hereof in respect of the issue from time to time of Common Shares pursuant to this Warrant Certificate or pursuant to any stock option, stock purchase or stock bonus plan in effect from time to time for directors, officers or employees of the Corporation and/or any subsidiary of the Corporation and any such issue, and any grant of options in connection therewith, shall be deemed not to be a Common Share Reorganization, a Rights Offering nor any other event described in subsection 9(a) hereof.
 - v. If at any time during the Adjustment Period the Corporation shall take any action affecting the Common Shares, other than an action described in subsection 9(a) hereof, which in the opinion of the directors would have a material adverse effect upon the rights of Warrantholders, either or both the Exercise Price and the number of Common Shares purchasable upon exercise of Warrants shall be adjusted in such manner and at such time by action by the directors, in their sole discretion, as may be equitable in the circumstances. Failure of the taking of action by the directors so as to provide for an adjustment prior to the effective date of any action by the Corporation affecting the Common Shares shall be deemed to be conclusive evidence that the directors have determined that it is equitable to make no adjustment in the circumstances.
 - vi. If the Corporation shall set a record date to determine holders of Common Shares for the purpose of entitling such holders to receive any dividend or distribution or any subscription or purchase rights and shall, thereafter and before the distribution to such holders of any such dividend, distribution or subscription or purchase rights, legally abandon its plan to pay or deliver such dividend, distribution or subscription or purchase rights, then no adjustment in the Exercise Price or the number of Common Shares purchasable upon exercise of the Warrant shall be required by reason of the setting of such record date.
-

- vii. In any case in which this Warrant Certificate shall require that an adjustment shall become effective immediately after a record date for an event referred to in subsection 9(a) hereof, the Corporation may defer, until the occurrence of such event:
- 1) issuing to the Warrantholder, to the extent that the Warrants are exercised after such record date and before the occurrence of such event, the additional Common Shares or other securities issuable upon such exercise by reason of the adjustment required by such event; and
 - 2) delivering to the Warrantholder any distribution declared with respect to such additional Common Shares or other securities after such record date and before such event;
- provided, however, that the Corporation shall deliver to the Warrantholder an appropriate instrument evidencing the right of the Warrantholder upon the occurrence of the event requiring the adjustment, to an adjustment in the Exercise Price or the number of Common Shares purchasable upon the exercise of the Warrants and to such distribution declared with respect to any such additional Common Shares issuable on the exercise of the Warrants.
- viii. In the absence of a resolution of the directors fixing a record date for a Rights Offering, the Corporation shall be deemed to have fixed as the record date therefor the date of the issue of the rights, options or warrants issued pursuant to the Rights Offering.
- ix. If a dispute shall at any time arise with respect to adjustments of the Exercise Price or the number of Common Shares purchasable upon the exercise of the Warrants, such disputes shall be conclusively determined by the auditors of the Corporation or if they are unable or unwilling to act, by such other firm of independent chartered accountants as may be selected by the directors and any such determination shall be conclusive evidence of the correctness of any adjustment made pursuant to subsection 9(a) hereof and shall be binding upon the Corporation and the Warrantholder.
- x. As a condition precedent to the taking of any action which would require an adjustment pursuant to subsection 9(a) hereof, including the Exercise Price and the number or class of Common Shares or other securities which are to be received upon the exercise thereof, the Corporation shall take any action which may, in the opinion of counsel to the Corporation, be necessary in order that the Corporation may validly and legally issue as fully paid and non-assessable shares all of the Common Shares or other securities which the Warrantholder is entitled to receive in accordance with the provisions of this Warrant Certificate.
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- c) **Notice:** At least 21 days prior to the effective date of any event which requires or might require an adjustment in any of the rights of the Warrantholder under this Warrant Certificate, including the Exercise Price or the number of Common Shares which may be purchased under this Warrant Certificate, the Corporation shall deliver to the Warrantholder a certificate of the Corporation specifying the particulars of such event and, if determinable, the required adjustment and the calculation of such adjustment. In case any adjustment for which a notice in this subsection 9(c) has been given is not then determinable, the Corporation shall promptly after such adjustment is determinable deliver to the Warrantholder a certificate providing the calculation of such adjustment. The Corporation hereby covenants and agrees that the register of transfers and share transfer books for the Common Shares will be open, and that the Corporation will not take any action which might deprive the Warrantholder of the opportunity of exercising the rights of subscription contained in this Warrant Certificate, during such 21 day period.
10. **Lost Certificate:** If this Warrant Certificate or any replacement hereof becomes stolen, lost, mutilated or destroyed, the Corporation shall, on such terms as it may in its discretion impose, acting reasonably, issue and deliver a new certificate, in form identical hereto but with appropriate changes, representing any unexercised portion of the subscription rights represented hereby to replace the certificate so stolen, lost, mutilated or destroyed.
11. **Further Assurances:** The Corporation hereby covenants and agrees that it will do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, all and every such other act, deed and assurance as the Warrantholder shall reasonably require for the better accomplishing and effectuating of the intentions and provisions of this Warrant Certificate.
12. **Time of Essence:** Time shall be of the essence of this Warrant Certificate.
13. **Governing Laws:** This Warrant Certificate shall be construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.
14. **Notices:** All notices or other communications to be given under this Warrant Certificate shall be delivered by hand or by telecopier and, if delivered by hand, shall be deemed to have been given on the delivery date and, if sent by telecopier, on the date of transmission if sent before 4:00 p.m. on a business day or, if such day is not a business day, on the first business day following the date of transmission.

Notices to the Corporation shall be addressed to:

Canivate Growing Systems Ltd.
Suite 500, 1112 West Pender Street
Vancouver, British Columbia
Canada V6E 2S1

Attention: Mr. Ingo Mueller, C.E.O.
E-mail Address: ingo.mueller@canivate.com

Notices to the Warrantholder shall be addressed to the address of the Warrantholder set out on the face page of this Warrant Certificate.

The Corporation and the Warrantholder may change its address for service by notice in writing to the other of them specifying its new address for service under this Warrant Certificate.

15. **Language:** The parties hereto acknowledge and confirm that they have requested that this Warrant Certificate as well as all notices and other documents contemplated hereby be drawn up in the English language. Les parties aux présentes reconnaissent et confirment qu'elles ont exigé que la présente convention ainsi que tous les avis et documents qui s'y rattachent soient rédigés en langue anglaise.
16. **Successors and Assigns:** This Warrant Certificate shall enure to the benefit of the Warrantholder and the successors and assignees thereof and shall be binding upon the Corporation and the successors thereof.

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SCHEDULE "B"

SUBSCRIPTION FORM
(Non-U.S. Warrantholders)

TO: CANIVATE GROWING SYSTEMS LTD.

The undersigned hereby subscribes for _____ common shares ("**Common Shares**") of Canivate Growing Systems Ltd. (the "**Corporation**") (or such other number of Common Shares or other securities to which such subscription entitles the undersigned in lieu thereof or in addition thereto) pursuant to the provisions of the warrant certificate (the "**Warrant Certificate**") dated May 2, 2019 issued by the Corporation to the Warrantholder (as defined in the Warrant Certificate) at the purchase price of \$2.00 (Cdn) per Common Share (or at such other purchase price as may then be in effect under the provisions of the Warrant Certificate) and on and subject to the other terms and conditions specified in the Warrant and encloses herewith a cheque, bank draft or money order or has transmitted good same day funds by wire or other similar transfer in lawful money of Canada payable to or to the order of the Corporation in payment of the subscription price.

By executing this subscription form the undersigned represents and warrants that the undersigned at the time of execution and delivery of this subscription form (i) is not in the United States and is not a "U.S. Person" (as defined in Regulation S promulgated under the United States Securities Act of 1933, as amended, (the "**U.S. Securities Act**")); (ii) is not exercising the right provided for herein for the account or benefit of a U.S. Person or a person in the United States (as defined in Regulation S); (iii) is not exercising Warrants with the intent to distribute either directly or indirectly any of the securities acquirable upon exercise in the United States, except in compliance with the U.S. Securities Act; and (iv) has in all other respects complied with the terms of Regulation S of the U.S. Securities Act.

The undersigned hereby directs that the Common Shares subscribed for be registered and delivered as follows:

Name in Full	Address (include Postal Code)	Number of Common Shares
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DATED this _____ day of _____, 20__.

By: _____
Authorized Signatory

SCHEDULE "C"

SUBSCRIPTION FORM
(U.S. Warrantholders)

TO: CANIVATE GROWING SYSTEMS LTD.

The undersigned hereby subscribes for _____ common shares ("**Common Shares**") of Canivate Growing Systems Ltd. (the "**Corporation**") (or such other number of Common Shares or other securities to which such subscription entitles the undersigned in lieu thereof or in addition thereto) pursuant to the provisions of the warrant certificate (the "**Warrant Certificate**") dated as of issued by the Corporation to the Warrantholder (as defined in the Warrant Certificate) at the purchase price of \$2.00 (Cdn) per Common Share (or at such other purchase price as may then be in effect under the provisions of the Warrant Certificate) and on and subject to the other terms and conditions specified in the Warrant and encloses herewith a cheque, bank draft or money order or has transmitted good same day funds by wire or other similar transfer in lawful money of Canada payable to or to the order of the Corporation in payment of the subscription price.

The undersigned is a resident of the United States or is otherwise subject to the securities laws of the United States and as at the time of exercise hereunder, the undersigned Warrantholder represents, warrants and certifies [**Initial, as appropriate**]:

- [] (a) the undersigned Warrantholder is resident in the United States, is a U.S. person, or is exercising the Warrant for the account or benefit of a U.S. person or a person in the United States (a "**U.S. Holder**"), and is an "accredited investor", as defined in Rule 501(a) of Regulation D under the U.S. Securities Act (a "**U.S. Accredited Investor**"), and has completed the U.S. Accredited Investor Status Certificate in the form attached to this subscription form; OR
- [] (b) if the undersigned Warrantholder is a U.S. Holder, the undersigned Warrantholder has delivered to the Corporation and its registrar and transfer agent an opinion of counsel (which will not be sufficient unless it is in form and substance satisfactory to the Corporation) or such other evidence satisfactory to the Corporation to the effect that with respect to the Common Shares to be delivered upon exercise of the Warrant, the issuance of such securities has been registered under the U.S. Securities Act and applicable state securities laws, or an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws is available.

Note: Certificates representing Common Shares will not be registered or delivered to an address in the United States unless box (a) or (b) immediately above is initialled.

If the undersigned Warrantholder has indicated that the undersigned Warrantholder is a U.S. Accredited Investor by marking box (a) above, the undersigned Warrantholder additionally represents and warrants to the Corporation that:

- 1 the undersigned Warrantholder has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of an investment in the Common Shares, and the undersigned is able to bear the economic risk of loss of his or her entire investment;
2. the undersigned: (i) is purchasing the Common Shares for his or her own account or for the account of one or more U.S. Accredited Investors with respect to which the undersigned is exercising sole investment discretion, and not on behalf of any other person; (ii) is purchasing the Common Shares for investment purposes only and not with a view to resale, distribution or other disposition in violation of United States federal or state securities laws; and (iii) in the case of the purchase by the undersigned of the Common Shares as agent or trustee for any other person or persons (each a "**Beneficial Purchaser**"), has due and proper authority to act as agent or trustee for and on behalf of each such Beneficial Purchaser in connection with the transactions contemplated hereby; provided that: (x) if the undersigned Warrantholder, or any Beneficial Purchaser, is a corporation or a partnership, syndicate, trust or other form of unincorporated organization, the undersigned Warrantholder or each such Beneficial Purchaser was not incorporated or created solely, nor is it being used primarily to permit purchases without a prospectus or registration statement under applicable law; and (y) each Beneficial Purchaser, if any, is a U.S. Accredited Investor; and

3. the undersigned has not exercised the Warrants as a result of any form of general solicitation or general advertising (as such terms are used in Rule 502 of Regulation D under the U.S. Securities Act), including advertisements, articles, notices or other communications published in any newspaper, magazine or similar media, or broadcast over radio, television, the Internet or other form of telecommunications, or any seminar or meeting whose attendees have been invited by general solicitation or general advertising.

If the undersigned has indicated that the undersigned is a U.S. Accredited Investor by marking box (a) above, the undersigned also acknowledges and agrees that:

1. the Corporation has provided to the undersigned the opportunity to ask questions and receive answers concerning the terms and conditions of the offering, and the undersigned has had access to such information concerning the Corporation as the undersigned has considered necessary or appropriate in connection with the undersigned's investment decision to acquire the Common Shares;
2. if the undersigned decides to offer, sell or otherwise transfer any of the Common Shares, the undersigned must not, and will not, offer, sell or otherwise transfer any of such Common Shares directly or indirectly, unless:
- (a) the sale is to the Corporation;
 - (b) the sale is made outside the United States in a transaction meeting the requirements of Rule 904 of Regulation S under the U.S. Securities Act and in compliance with applicable local laws and regulations;
 - (c) the sale is made pursuant to the exemption from the registration requirements under the U.S. Securities Act provided by Rules 144 or 144A thereunder, if available, and in accordance with any applicable state securities or "blue sky" laws; or
 - (d) the Common Shares are sold in a transaction that does not require registration under the U.S. Securities Act or any applicable state laws and regulations governing the offer and sale of securities, and it has prior to such sale furnished to the Corporation an opinion of counsel reasonably satisfactory to the Corporation;
-

3. the Common Shares are “restricted securities” under applicable federal securities laws and that the U.S. Securities Act and the rules of the United States Securities and Exchange Commission provide in substance that the undersigned may dispose of the Common Shares only pursuant to an effective registration statement under the U.S. Securities Act or an exemption therefrom;
4. the Corporation has no obligation to register any of the Common Shares or to take action so as to permit sales pursuant to the U.S. Securities Act (including Rule 144 thereunder);
5. the certificates representing the Common Shares (and any certificates issued in exchange or substitution for the Common Shares) will bear a legend stating that such securities have not been registered under the U.S. Securities Act or the securities laws of any state of the United States, and may not be offered for sale or sold unless registered under the U.S. Securities Act and the securities laws of all applicable states of the United States, or unless an exemption from such registration requirements is available;
6. delivery of certificates bearing such a legend may not constitute “good delivery” in settlement of transactions on Canadian stock exchanges or over-the-counter markets, but if the Corporation is a “foreign issuer” (within the meaning of Regulation S promulgated under the U.S. Securities Act) at the time of sale, a new certificate will be made available to the undersigned upon provision by the undersigned of a declaration to the Corporation and its registrar and transfer agent (the “**Transfer Agent**”) in the form attached as Schedule “C” hereto (or in such other form as the Corporation may prescribe from time to time) and, if requested by the Corporation or the Transfer Agent, an opinion of counsel of recognized standing in form and substance satisfactory to the Corporation and the Transfer Agent to the effect that such sale is being made in compliance with Rule 904 of Regulation S; and provided, further, that, if any Common Shares are being sold otherwise than in accordance with Rule 904 of Regulation S and other than to the Corporation, the legend may be removed by delivery to the Transfer Agent and the Corporation of an opinion of counsel, of recognized standing reasonably satisfactory to the Corporation, that such legend is no longer required under applicable requirements of the U.S. Securities Act or state securities laws;
7. the financial statements of the Corporation have been prepared in accordance with Canadian generally accepted accounting principles or International Financial Reporting Standards, which differ in some respects from United States generally accepted accounting principles, and thus may not be comparable to financial statements of United States companies;
8. there may be material tax consequences to the undersigned of an acquisition or disposition of the Common Shares;
9. the Corporation gives no opinion and makes no representation with respect to the tax consequences to the undersigned under United States, state, local or foreign tax law of the undersigned’s acquisition or disposition of any Common Shares; in particular, no determination has been made whether the Corporation will be a “passive foreign investment company” (commonly known as a “PFIC”) within the meaning of Section 1297 of the United States *Internal Revenue Code*;
10. funds representing the subscription price for the Common Shares which will be advanced by the undersigned to the Corporation upon exercise of the Warrants will not represent proceeds of crime for the purposes of the United States *Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act* (the “**PATRIOT Act**”), and the undersigned acknowledges that the Corporation may in the future be required by law to disclose the undersigned’s name and other information relating to this exercise form and the undersigned’s subscription hereunder, on a confidential basis, pursuant to the PATRIOT Act. No portion of the subscription price to be provided by the undersigned (i) has been or will be derived from or related to any activity that is deemed criminal under the laws of the United States of America, or any other jurisdiction, or (ii) is being tendered on behalf of a person or entity who has not been identified to or by the undersigned, and it shall promptly notify the Corporation if the undersigned discovers that any of such representations ceases to be true and provide the Corporation with appropriate information in connection therewith;
11. the Corporation is not obligated to remain a “foreign issuer”; and
12. the undersigned consents to the Corporation making a notation on its records or giving instructions to any transfer agent of the Corporation in order to implement the restrictions on transfer set forth and described in this subscription form.

The undersigned hereby directs that the Common Shares subscribed for be registered and delivered as follows:

Name in Full	Address (include Postal Code)	Number of Common Shares
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DATED this _____ day of _____, 20__.

By: _____
Authorized Signatory

APPENDIX C-1

U.S. ACCREDITED INVESTOR STATUS CERTIFICATE

TO: CANIVATE GROWING SYSTEMS LTD.

In connection with the purchase by the undersigned or the disclosed principal, the undersigned (the “**Purchaser**”) hereby represents and warrants that the Purchaser (and, if the Purchaser is acting on behalf of a beneficial purchaser, such beneficial purchaser) is an “Accredited Investor”, as defined in Rule 501(a) under the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”) as a result of satisfying one or more of the following categories of Accredited Investor below to which the undersigned has affixed his or her initials (the line identified as “BP” is to be initialed by the beneficial purchaser, if any, on each line that applies).

_____ a natural person whose individual net worth, or joint net worth with that person’s spouse, at the time of his or her purchase exceeds US\$1,000,000 (for the purposes of calculating net worth: (i) the person’s primary residence shall not be included as an asset; (ii) indebtedness that is secured by the person’s primary residence, up to the estimated fair market value of the primary residence at the time of the sale and purchase of securities contemplated by the accompanying Subscription Form, shall not be included as a liability (except that if the amount of such indebtedness outstanding at the time of the sale and purchase of securities contemplated by the accompanying Subscription Form exceeds the amount outstanding 60 days before such time, other than as a result of the acquisition of the primary residence, the amount of such excess shall be included as a liability); and (iii) indebtedness that is secured by the person’s primary residence in excess of the estimated fair market value of the primary residence shall be included as a liability).

_____ (BP)

_____ A natural person who had annual gross income during each of the last two full calendar years in excess of US\$200,000 (or together with his or her spouse in excess of US\$300,000) and reasonably expects to have annual gross income in excess of US\$200,000 (or together with his or her spouse in excess of US\$300,000) during the current calendar year, and no reason to believe that his or her annual gross income will not remain in excess of US\$200,000 (or that together with his or her spouse will not remain in excess of US\$300,000) for the foreseeable future;

_____ (BP)

_____ Any bank as defined in Section 3(a)(2) of the United States Securities Act of 1933, as amended (the “**U.S. Securities Act**”), or any savings and loan association or other institution as defined in Section 3(a)(5)(A) of the U.S. Securities Act whether acting in its individual or fiduciary capacity; any broker or dealer registered pursuant to Section 15 of the U.S. Securities Exchange Act of 1934; any insurance company as defined in Section 2(a)(13) of the U.S. Securities Act; any investment company registered under the U.S. Investment Company Act of 1940 or a business development company as defined in Section 2(a)(48) of that Act; any Small Business Investment Company licensed by the U.S. Small Business Administration under Section 301(c) or (d) of the U.S. Small Business Investment Act of 1958; any plan established and maintained by a state, its political subdivisions, or any agency or instrumentality of a state or its political subdivisions, for the benefit of its employees, if such plan has total assets in excess of US\$5,000,000; any employee benefit plan within the meaning of the U.S. Employee Retirement Income Security Act of 1974 if the investment decision is made by a plan fiduciary, as defined in Section 3(21) of such Act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of US\$5,000,000, or, if a self-directed plan, with investment decisions made solely by persons that are “accredited investors” (as such term is defined in Rule 501 of Regulation D of the U.S. Securities Act).

_____ (BP)

_____ Any private business development company as defined in Section 202(a)(22) of the U.S. Investment Advisers Act of 1940.

_____ (BP)

_____ Any organization described in Section 501(c)(3) of the U.S. Internal Revenue Code, corporation, Massachusetts or similar business trust, or partnership, not formed for the specific purpose of acquiring the securities offered, with total assets in excess of US\$5,000,000.

_____ -
_____ (BP)

_____ Any director or executive officer of Canivate Growing Systems Ltd.

_____ (BP)

_____ Any trust with total assets in excess of US\$5,000,000, not formed for the specific purpose of acquiring the securities offered, whose purchase is directed by a sophisticated person (being defined as a person who has such knowledge and experience in financial and business matters that he or she is capable of evaluating the merits and risks of the prospective investment).

_____ (BP)

_____ Any entity in which all of the equity owners meet the requirements of at least one of the above categories.

_____ (BP)

DATED at this day of _____, 20__.

By: _____

Name: _____

Title: _____

SCHEDULE "D"

FORM OF DECLARATION FOR REMOVAL OF LEGEND

TO: Canivate Growing Systems Ltd. (the "**Corporation**")

AND TO: The registrar and transfer agent for the securities of Canivate Growing Systems Ltd.

The undersigned (A) acknowledges that the sale of the _____ Common Shares in the capital of the Corporation represented by certificate number _____, to which this declaration relates, is being made in reliance on Rule 904 of Regulation S under the United States Securities Act of 1933, as amended (the "**U.S. Securities Act**"), and (B) certifies that (1) the undersigned is not an "affiliate" (as defined in Rule 405 under the U.S. Securities Act) of the Corporation or a "distributor", as defined in Regulation S, or an affiliate of a "distributor"; (2) the offer of such securities was not made to a person in the United States and either (a) at the time the buy order was originated, the buyer was outside the United States, or the seller and any person acting on its behalf reasonably believe that the buyer was outside the United States, or (b) the transaction was executed on or through the facilities of the Canadian Securities Exchange or any other designated offshore securities market within the meaning of Rule 902(b) of Regulation S under the U.S. Securities Act, and neither the seller nor any person acting on its behalf knows that the transaction has been prearranged with a buyer in the United States; (3) neither the seller nor any affiliate of the seller nor any person acting on their behalf has engaged in any directed selling efforts in connection with the offer and sale of such securities; (4) the sale is bona fide and not for the purpose of "washing off" the resale restrictions imposed because the securities are "restricted securities" (as such term is defined in Rule 144(a)(3) under the U.S. Securities Act); (5) the seller does not intend to replace the securities sold in reliance on Rule 904 of Regulation S under the U.S. Securities Act with fungible unrestricted securities; and (6) the contemplated sale is not a transaction, or part of a series of transactions which, although in technical compliance with Regulation S, is part of a plan or a scheme to evade the registration provisions of the U.S. Securities Act. Unless otherwise specified, terms used herein have the meanings given to them by Regulation S under the U.S. Securities Act.

Dated: _____

Signature of individual (if Seller is an individual)

Authorized signatory (if Seller is not an individual)

Name of Seller (please print)

Name of authorized signatory (please print)

Official capacity of authorized signatory (please print)

Affirmation by Seller's Broker-Dealer (Required for sale pursuant to paragraph (B)(2)(b) above)

We have read the foregoing representations of our customer, _____ (the "**Seller**") dated _____, with regard to the sale, for such Seller's account, of the securities of the Corporation described therein, and we hereby affirm that: (a) we have no knowledge that the transaction had been prearranged with a buyer in the United States; (b) the transaction was executed on or through the facilities of the Canadian Securities Exchange or another "designated offshore securities market"; (c) neither we, nor any person acting on our behalf, engaged in any directed selling efforts in connection with the offer and sale of such securities, and (d) no selling concession, fee or other remuneration is being paid to us in connection with this offer and sale other than the usual and customary broker's commission that would be received by a person executing such transaction as agent. Terms used herein have the meanings given to them by Regulation S under the U.S. Securities Act.

Name of Firm

By:

Authorized officer

Date:

SCHEDULE "E"
FORM OF TRANSFER

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

(include name and address of the transferee) Warrants exercisable for common shares of Canivate Growing Systems Ltd. (the "**Corporation**") registered in the name of the undersigned on the register of the Corporation maintained therefor, and hereby irrevocably appoints the attorney of the undersigned to transfer the said securities on the books maintained by the Corporation with full power of substitution.

DATED this _____ day of _____, 20____.

Signature of Transferor guaranteed by:

Medallion Signature Guarantee
Stamp of Transferor

Signature of Transferor

Address of Transferor

The Transferor hereby certifies that:

(check one)

- ☐ [] the transferee was not offered the Warrants in the United States and is not in the United States or a "U.S. Person" (as defined in Regulation S under the *United States Securities Act of 1933*, as amended (the "**U.S. Securities Act**")), and is not acquiring the Warrants for the account or benefit of a person in the United States or a U.S. Person; or
- ☐ [] enclosed herewith is an opinion of counsel (which the transferee understands must be satisfactory to the Corporation) to the effect that no violation of the U.S. Securities Act or applicable securities laws will result from transfer, exercise or deemed exercise of the Warrants.

It is understood that the Corporation may require additional evidence necessary to verify the foregoing.

INSTRUCTIONS FOR TRANSFER

1. The signature of the Warrantholder must correspond with the name written upon the face of this Warrant Certificate in every particular without any changes whatsoever.
2. If the Transfer Form is signed by a trustee, executor, administrator, curator, guardian, attorney, officer of a corporation or any person acting in a fiduciary or representative capacity, the certificate must be accompanied by evidence of authority to sign satisfactory to the Corporation.
3. The signature on the Transfer Form must be guaranteed by a chartered bank or trust company, or a member firm of an approved signature guarantee medallion program. The guarantor must affix a stamp bearing the actual words: "SIGNATURE GUARANTEED".
4. The Warrants will only be transferable in accordance with applicable laws. The Warrants and the common shares issuable upon exercise thereof have not been and will not be registered under the U.S. Securities Act, or under the securities laws of any state of the United States, and may not be transferred to or for the account or benefit of a U.S. person or any person in the United States without registration under the U.S. Securities Act and applicable state securities laws, or compliance with the requirements of an exemption from registration. "United States" and "U.S. Person" are as defined in Regulation S under the U.S. Securities Act.

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS 4 MONTHS AND A DAY AFTER THE LATER OF (I) MAY 2, 2019, AND (II) THE DATE THE CORPORATION BECAME A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY OF CANADA.

THE WARRANT EVIDENCED HEREBY IS EXERCISABLE ON OR BEFORE 5:00 PM (VANCOUVER TIME) ON MAY 2, 2024, SUBJECT TO ACCELERATION OF THE EXPIRY DATE AS SET FORTH HEREIN, AFTER WHICH TIME THE WARRANTS EVIDENCED HEREBY SHALL BE DEEMED TO BE VOID AND OF NO FURTHER FORCE OR EFFECT.

THE WARRANTS REPRESENTED HEREBY MAY NOT BE SOLD, TRANSFERRED, ASSIGNED, HYPOTHECATED OR OTHERWISE TRADED.

CANIVATE GROWING SYSTEMS LTD.
(Incorporated under the laws of British Columbia)

Certificate Number: [●]

[●] Warrants to Purchase Units

(NON-TRANSFERABLE)

COMPENSATION WARRANTS

THIS IS TO CERTIFY THAT, for value received, [●] of [●] or its lawful assignee (the **“Holder”**) is the registered holder of [●] compensation warrants (collectively the **“Compensation Warrants”** and each a **“Compensation Warrant”**), each of which entitles the Holder to subscribe for and purchase one unit (collectively the **“Units”** and each a **“Unit”**) of Canivate Growing Systems Ltd. (the **“Company”**) at any time on or before 5:00 p.m. Vancouver time on May 2, 2024 (the **“Expiry Date”**), subject to acceleration as provided in Part 4 of Schedule A to this Compensation Warrant Certificate, at a price of \$1.00 per Unit, subject to the provisions and upon the Terms and Conditions attached hereto as Schedule “A”. Each Unit will consist of one (1) Series A preferred share (a **“Preferred Share”**) in the capital of the Company and one common share purchase warrant (a **“Common Share Warrant”**), subject to adjustment as provided for herein. Each Common Share Warrant will entitle the holder thereof to purchase one common share (a **“Common Share”**) of the Company at a price of \$2.00 per Common Share at any time before 5:00p.m. (Vancouver time) on May 2, 2024, subject to acceleration.

The rights represented by this Compensation Warrant Certificate may be exercised by the Holder, in whole or in part (but not as to a fraction of a Unit) by surrender of this Compensation Warrant Certificate (properly endorsed as required), together with a Warrant Exercise Form in the form attached hereto as Appendix “B”, duly completed and executed, to the Company at Suite 500, 1112 West Pender Street, Vancouver, BC V6G 2S1 (Attention: Chief Financial Officer), or such other address as the Company may from time to time in writing direct, together with a certified cheque or bank draft payable to or to the order of the Company in payment of the purchase price of the number of Units subscribed for. The Holder is advised to read “Instruction to Holders” attached hereto as Appendix “A” for details on how to complete the Warrant Exercise Form (as such term is defined in Schedule “A”).

[Signature Page Follows]

IN WITNESS WHEREOF the Company has caused this Compensation Warrant Certificate to be executed by its duly authorized officer, this 2nd day of May, 2019.

CANIVATE GROWING SYSTEMS LTD.

Per:

Authorized Signatory

[Signature Page to Finder's Warrants]

SCHEDULE “A”

**TERMS AND CONDITIONS
ATTACHED TO COMPENSATION WARRANTS
ISSUED BY CANIVATE GROWING SYSTEMS LTD.
(the “Company”)**

Each Compensation Warrant of the Company, whether single or part of a series, is subject to these Terms and Conditions as they were at the date of issue of the Compensation Warrant.

PART 1

DEFINITIONS AND INTERPRETATION

Definitions

1.1 In these Terms and Conditions, except as otherwise expressly provided herein, the following words and phrases will have the following meanings:

- (a) **“Accelerated Expiry Date”** has the meaning set forth in section 4.9 of this Compensation Warrant Certificate;
 - (b) **“Acceleration Notice”** has the meaning set forth in section 4.9 of this Compensation Warrant Certificate;
 - (c) **“Common Share Warrant”** means a warrant evidenced by a Common Share Warrant Certificate, each entitling the holder thereof to purchase one (1) Common Share (subject to adjustment) on or before the expiry date at the exercise price set forth on the Common Share Warrant Certificate;
 - (d) **“Common Share Warrant Certificate”** means the certificate evidencing the Common Share Warrant in the form attached hereto as Schedule “B”;
 - (e) **“Common Shares”** means the common shares in the capital of the Company;
 - (f) **“Company”** means Canivate Growing Systems Ltd. and includes any successor corporations;
 - (g) **“Company’s auditor”** means the accountant duly appointed as auditor of the Company;
 - (h) **“Compensation Warrant”** means a warrant as evidenced by a Compensation Warrant Certificate, and each one (1) Compensation Warrant entitles the holder to purchase one (1) Unit (subject to adjustment) on or before the Expiry Date at the Exercise Price set forth on the Compensation Warrant Certificate;
 - (i) **“Compensation Warrant Certificate”** means the certificate evidencing the Compensation Warrants;
 - (j) **“Exercise Price”** means \$1.00 per Unit or as may be adjusted in accordance with Part 5;
-

- (k) “**Expiry Date**” means the date defined as such on the face page of this Compensation Warrant Certificate;
- (l) “**Holder**” means the registered holder of a Compensation Warrant;
- (m) “**person**” means an individual, corporation, partnership, trustee or any unincorporated organization, and words importing persons have a similar meaning;
- (n) “**Preferred Shares**” means the Series A preferred shares in the capital of the Company;
- (o) “**Unit**” means a unit of the Company, with each Unit comprising one (1) Preferred Share (or one (1) Common Share of the Company if Section 4.2 of this Compensation Warrant applies), and one (1) Common Share Warrant, subject to adjustment as provided herein; and
- (p) “**Warrant Exercise Form**” means Appendix “B” hereof.

Interpretation

1.2 In these Terms and Conditions, except as otherwise expressly provided herein:

- (a) the words “**herein**”, “**hereof**”, and “**hereunder**” and other words of similar import refer to this Agreement as a whole and not to any particular Part, clause, subclause or other subdivision;
- (b) a reference to a Part means a Part of these Terms and Conditions and the symbol § followed by a number or some combination of numbers and letters refers to the section, paragraph or subparagraph of these Terms and Conditions so designated;
- (c) the headings are for convenience only, do not form a part of these Terms and Conditions and are not intended to interpret, define or limit the scope, extent or intent of these Terms and Conditions or any of its provisions;
- (d) all dollar amounts referred to herein are expressed in Canadian funds;
- (e) time will be of the essence hereof; and
- (f) words importing the singular number include the plural and vice versa, and words importing the masculine gender include feminine and neuter genders.

Applicable Law

1.3 The Compensation Warrants will be construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable thereto and will be treated in all respects as legal contracts under the laws of the Province of British Columbia.

PART 2

ISSUE OF COMPENSATION WARRANTS

Issue in Substitution for Lost Compensation Warrants

2.1 In case a Compensation Warrant Certificate will become mutilated, lost, destroyed or stolen, the Company in its discretion may issue and deliver a new Compensation Warrant Certificate of like date and tenor as the one mutilated, lost, destroyed or stolen in exchange for, and in place of, and upon cancellation of such mutilated Compensation Warrant Certificate, or in lieu of and in substitution for such lost, destroyed or stolen Compensation Warrant Certificate, and the Compensation Warrants represented by such substituted Compensation Warrant Certificate will be entitled to the benefit hereof and rank equally in accordance with its terms with all other Compensation Warrants of the same issue. The Company may charge a reasonable fee for the issuance and delivery of a new Compensation Warrant Certificate.

2.2 The applicant for the issue of a new Compensation Warrant Certificate pursuant hereto will bear the cost of the issue thereof and in the case of loss, destruction or theft furnish to the Company such evidence of ownership, and of loss, destruction or theft of the Compensation Warrant Certificate so lost, destroyed or stolen as will be satisfactory to the Company in its discretion; and such applicant may also be required to furnish indemnity in amount and form satisfactory to the Company in its discretion and will pay the reasonable charges of the Company in connection therewith.

Holder not a Shareholder

2.3 The holding of a Compensation Warrant will not constitute the Holder a shareholder of the Company, nor entitle the Holder to any right or interest in respect thereof, except as expressly provided in the Compensation Warrant Certificate.

Securities Law Exemption

2.4 The Holder acknowledges and agrees that the Compensation Warrants and any Units issued pursuant to the exercise of any Compensation Warrants have been or will be issued only on a "private placement" basis and that the Company has no obligation to, and does not intend to, file any prospectus or registration statement in any jurisdiction in order to qualify any of such Compensation Warrants and/or Units for resale.

PART 3

OWNERSHIP AND TRANSFER OF COMPENSATION WARRANT

Exchange of Compensation Warrants

3.1 A Compensation Warrant Certificate in any authorized denomination, upon compliance with the reasonable requirements of the Company, may be exchanged for a Compensation Warrant Certificate(s) in any other authorized denomination of the same issue entitling the Holder to purchase an equal aggregate number of Units at the same Exercise Price and on the same terms as the Compensation Warrant Certificate so exchanged.

3.2 The Compensation Warrants may be exchanged only with the Company. Any Compensation Warrants tendered for exchange will be surrendered to the Company and cancelled.

Limitations on Transfer

3.3 The Compensation Warrants are non-transferable, except by operation of law.

Charges for Exchange

3.4 On exchange of Compensation Warrants, the Company, except as otherwise herein provided, may charge a reasonable fee for each new Compensation Warrant Certificate issued, and payment of any transfer taxes or governmental or other charges required to be paid will be made by the party requesting such exchange.

Ownership of Compensation Warrants

3.5 The Company may deem and treat the Holder of a Compensation Warrant as the absolute owner of such Compensation Warrant for all purposes and will not be affected by any notice or knowledge to the contrary.

Notice to Holder

3.6 Unless herein otherwise expressly provided, any notice to be given hereunder to a Holder will be deemed to be validly given, if mailed to the address of the Holder as set out on the Compensation Warrant Certificate. Any notice mailed to the address of the Holder as set out on the Compensation Warrant Certificate will be deemed to have been received five days from the date of mailing to the Holder or any market intermediary then holding the Compensation Warrants of the Holder in any trust account.

PART 4

EXERCISE OF COMPENSATION WARRANTS

Method of Exercise of Compensation Warrants

4.1 The right to purchase Units conferred by a Compensation Warrant may be exercised by the Holder surrendering the Compensation Warrant Certificate, together with a duly completed and executed Warrant Exercise Form and a certified cheque or bank draft payable to, or to the order of Company at the address as set out on the Compensation Warrant Certificate, for the purchase price applicable at the time of surrender in respect of the Units subscribed for in lawful money of Canada to the Company at the address as set out on the Warrant Exercise Form.

4.2 In the event that this Compensation Warrant is exercised at any time after the conversion of the Preferred Shares into Common Shares in accordance with the terms and conditions Preferred Shares, the Units will be comprised of one Common Share and one Common Share Warrant, each subject to the adjustment provisions set forth herein, and any references to issuances of Preferred Shares will be deemed to be a reference to the issuance of Common Shares.

Effect of Exercise of Compensation Warrants

4.3 Upon surrender and payment as aforesaid, the Units so subscribed for will be deemed to have been issued, and the Holder will be deemed to have become the holder of such Units on the date of such surrender and payment, and such Units will be issued at the Exercise Price as may be adjusted in the events and in the manner described herein.

4.4 Within 5 business days after surrender and payment as aforesaid, the Company will forthwith cause to be delivered to the person in whose name the Preferred Shares and Common Share Warrants comprising the Units are directed to be registered as specified in such Warrant Exercise Form, or if no such direction is given, the Holder, a certificate for the appropriate number of Preferred Shares and Common Share Warrants comprising the Units not exceeding those which the Holder is entitled to purchase pursuant to the Compensation Warrant Certificate surrendered.

Subscription for Less than Entitlement

4.5 A Holder may purchase a number of Units less than the number which the Holder is entitled to purchase pursuant to the surrendered Compensation Warrant Certificate. In the event of any purchase of a number of Units less than the number which can be purchased pursuant to a Compensation Warrant Certificate, the Holder, upon exercise thereof, will, in addition to certificates representing the Preferred Shares and Common Share Warrants comprising the Units issued on such exercise, and be entitled to receive a new Compensation Warrant Certificate in respect of the balance of the Units which the Holder was entitled to purchase pursuant to the surrendered Compensation Warrant Certificate but which were not then purchased.

Compensation Warrants for Fractions of Units

4.6 To the extent that a Holder is entitled to receive on the exercise or partial exercise thereof a fraction of a Unit, such right may be exercised in respect of such fraction only in combination with another Compensation Warrant which in the aggregate will entitle the Holder to receive a whole number of Units.

Expiration of Compensation Warrants

4.7 After the Expiry Date, all rights under the Compensation Warrants will wholly cease and terminate, and the Compensation Warrants will thereupon be void and of no effect.

Exercise Price

4.8 The price per Unit which must be paid to exercise a Compensation Warrant is the Exercise Price, as may be adjusted in the events and in the manner described herein.

Acceleration of Expiry Date

4.9 In the event that the Common Shares trade for a minimum of \$3.00 per Common Share for any 10 consecutive trading days at any time prior to the Expiry Date, the Company may accelerate the Expiry Date for the Compensation Warrants as follows:

- (a) the Company will be entitled to give notice of acceleration (an “**Acceleration Notice**”) to the Holder in order to accelerate the Expiry Date;
 - (b) upon delivery of an Acceleration Notice to a Holder, the Expiry Date will be accelerated to 5:00pm on the date that is 30 calendar days from the date of delivery of the Acceleration Notice to the Holder (the “**Accelerated Expiry Date**”);
 - (c) the Holder will be entitled to exercise the Compensation Warrants up to the Accelerated Expiry Date; and
 - (d) if the Holder does not exercise the Compensation Warrants by the Accelerated Expiry Date, the Compensation Warrant and the rights provided under this Compensation Warrant Certificate will terminate.
-

PART 5

ADJUSTMENTS

Adjustments

5.1 If and whenever the Preferred Shares or the Common Shares underlying the Common Share Warrants will be subdivided into a greater or consolidated into a lesser number of Preferred Shares or Common Shares, as applicable, or in the event of any payment by the Company of a stock dividend (other than a dividend paid in the ordinary course), or in the event that the Company conducts a rights offering to its shareholders, the Exercise Price and/or the exercise price of the Common Share Warrants will be decreased or increased proportionately, as the case may be. Upon any such subdivision, consolidation, payment of a stock dividend or rights offering, the number of Preferred Shares and/or Common Shares underlying the Common Share Warrants deliverable upon the exercise of a Compensation Warrant and the exercise price of the Compensation Warrant and/or the exercise price of the Common Share Warrant will be increased or decreased proportionately, as the case may be.

5.2 In case of any reclassification of the capital of the Company, or in the case of the merger, reorganization or amalgamation of the Company with, or into any other company (including, for greater certainty, any triangular merger or three-cornered amalgamation to which the Company is party) or of the sale of substantially all of the property and assets of the Company to any other company (in each case, a “**Corporate Event**”), each Compensation Warrant will, after such Corporate Event, confer the right to purchase that number of Units or other securities or property of the Company or of the company resulting from such Corporate Event, as the case may be, which the Holder would then hold if the Holder had exercised the Holder’s rights under the Compensation Warrant before the Corporate Event; and in any such case, if necessary, appropriate adjustments will be made in the application of the provisions set forth in this Part 5 with respect to the rights and interest thereafter of the Holders to the end that the provisions set forth in this Part 5 will thereafter correspondingly be made applicable as nearly as may reasonably be in relation to any Shares or other securities or property thereafter deliverable on the exercise of a Compensation Warrant.

5.3 In case of any Corporate Event which results in Compensation Warrants becoming exercisable for units, securities or other property of a corporate entity other than the Company, such corporate entity may elect to deliver to the Holder a new warrant certificate in the name of such corporate entity reflecting the terms of the Compensation Warrants, as adjusted pursuant to §5.2, and upon receipt of such replacement warrant certificate this Compensation Warrant Certificate will be deemed cancelled.

5.4 The adjustments provided for in this Part 5 are cumulative.

Determination of Adjustments

5.5 If any question will at any time arise with respect to any adjustments to be made under §5.1 and §5.2, such question will be conclusively determined by the Company’s auditor, or, if the Company’s auditor declines to so act, any other chartered accountant in Vancouver, British Columbia that the Company may designate (acting reasonably) and who will have access to all appropriate records, and such determination will be binding upon the Company and the Holder.

Hold Period

5.6 The Preferred Shares and Common Share Warrants comprising the Units received by the Holder upon the exercise of the Compensation Warrants, and the Common Shares issuable upon exercise of the Common Share Warrants, may be subject to a hold period as determined by the *Securities Act* (British Columbia) and/or other applicable securities laws.

PART 6

COVENANTS BY THE COMPANY

Reservation of Shares

6.1 The Company will reserve, and there will remain unissued out of its authorized capital, a sufficient number of Preferred Shares and Common Shares to satisfy the rights of purchase provided for in all Compensation Warrants from time to time outstanding.

PART 7

MODIFICATION OF TERMS, SUCCESSORS

Modification of Terms and Conditions for Certain Purposes

7.1 From time to time the Company may, subject to the provisions of the Compensation Warrant Certificate, when so directed by the Holders, modify the terms and conditions hereof, for any one or more or all of the following purposes:

- (a) adding to the provisions hereof such additional covenants and enforcement provisions as, in the opinion of counsel for the Company, are necessary or advisable in the circumstances;
- (b) making such provisions not inconsistent herewith as may be necessary or desirable with respect to matters or questions arising hereunder or for the purpose of obtaining a listing or quotation of Compensation Warrants on any stock exchange;
- (c) adding to or altering the provisions hereof in respect of the registration of Compensation Warrants making provision for the exchange of Compensation Warrant Certificates of different denominations; and making any modification in the form of Compensation Warrant Certificates which does not affect the substance thereof;
- (d) for any other purpose not inconsistent with the terms hereof, including the correction or rectification of any ambiguities, defective provisions, errors or omissions herein; and
- (e) to evidence any succession of any corporation and the assumption by any successor of the covenants of the Company herein and in the Compensation Warrants contained as provided hereafter in this Part 7.

Company may Amalgamate on Certain Terms

7.2 Nothing herein contained will prevent any amalgamation or merger of the Company with or into any other company, or the sale of the property or assets of the Company to any company lawfully entitled to acquire the same; provided however that the company formed by such merger or amalgamation or which acquires by conveyance or transfer all or substantially all the properties and assets of the Company will be a company organized and existing under the laws of Canada or of the United States of America or any Province, State, District or Territory thereof, which will, simultaneously with such amalgamation, merger, conveyance or transfer, assume the due and punctual performance and observance of all the covenants and conditions hereof to be performed or observed by the Company and will succeed to and be substituted for the Company, and such changes in phraseology and form (but not in substance) may be made in the Compensation Warrant Certificate as may be appropriate in view of such amalgamation, merger or transfer.

Additional Financings

7.3 Nothing herein contained will prevent the Company from issuing any other securities or rights with respect thereto during the period within which a Compensation Warrant is exercisable, upon such terms as the Company may deem appropriate.

[End of Schedule "A"]

APPENDIX “A”

INSTRUCTIONS TO HOLDERS

TO EXERCISE:

To exercise Compensation Warrants, the Holder must complete, sign and deliver the Warrant Exercise Form, attached as Appendix “B” and deliver the Compensation Warrant Certificate(s) to the Company, indicating the number of Units to be acquired.

GENERAL:

If forwarding any documents by mail, registered mail must be employed.

If the Warrant Exercise Form is signed by a trustee, executor, administrator, curator, guardian, attorney, officer of a corporation or any person acting in a fiduciary or representative capacity, the Compensation Warrant Certificate must also be accompanied by evidence of authority to sign satisfactory to the Company.

The address of the Company is:

Canivate Growing Systems Ltd.
Suite 500, 1112 West Pender Street
Vancouver, BC V6G 2S1

Attention: Chief Financial Officer

[End of Appendix “A”]

APPENDIX "B"

COMPENSATION WARRANT EXERCISE FORM

TO: Canivate Growing Systems Ltd.
Suite 500, 1112 West Pender Street
Vancouver, BC V6G 2S1

Attention: Chief Financial Officer

The undersigned Holder of the within Compensation Warrants hereby subscribes for _____ units (the **'Units'**) of Canivate Growing Systems Ltd. (the **'Company'**) pursuant to the within Compensation Warrants on the terms and price specified in the Compensation Warrants. Each Unit will be comprised of: (i) one (1) Series A preferred share (a **"Preferred Share"**) and (ii) one (1) common share purchase warrant (a **'Common Share Warrant'**) of the Company, subject to adjustment as provided in the Compensation Warrant Certificate. This subscription is accompanied by a certified cheque or bank draft payable to or to the order of the Company for the whole amount of the purchase price of the Units.

The undersigned hereby directs that the Preferred Shares and Common Share Warrants comprising the Units be registered as follows:

NAME(S) IN FULL	ADDRESS(ES)	NUMBER OF UNITS
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If the Units are issued prior to completion of the applicable seasoning period under securities legislation, the certificate(s) representing the Preferred Shares and Common Share Warrants comprising the Units will bear the following legend:

UNLESS PERMITTED UNDER SECURITIES LEGISLATION, THE HOLDER OF THIS SECURITY MUST NOT TRADE THE SECURITY BEFORE THE DATE THAT IS 4 MONTHS AND A DAY AFTER THE LATER OF (I) MAY 2, 2019, AND (II) THE DATE THE CORPORATION BECAME A REPORTING ISSUER IN ANY PROVINCE OR TERRITORY OF CANADA.

DATED this _____ day of _____, 20 ____.

In the presence of:

Signature of Witness	Signature of Holder
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Witness's Name	Name and Title of Authorized Signatory for the Holder
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Please print below your name and address in full.

Legal Name _____

Address _____

INSTRUCTIONS FOR SUBSCRIPTION

The signature to the subscription must correspond in every particular with the name written upon the face of the Compensation Warrant Certificate without alteration. If the certificates representing the Preferred Shares and Common Share Warrants comprising the Units to be issued upon exercise of the Compensation Warrants differs from the registration of the Compensation Warrant Certificates, the signature of the registered holder must be guaranteed by an authorized officer of a Canadian chartered bank, or of a major Canadian trust company, or by a medallion signature guarantee from a member recognized under the Signature Medallion Guarantee Program, or from a similar entity in the United States, if this transfer is executed in the United States, or in accordance with industry standards.

In the case of persons signing by agent or attorney or by personal representative(s), the authority of such agent, attorney or representative(s) to sign must be proven to the satisfaction of the Company.

If the Compensation Warrant Certificate and the form of subscription are being forwarded by mail, registered mail must be employed.

[End of Appendix "B"]

SCHEDULE “B”

FORM OF COMMON SHARE WARRANT CERTIFICATE

[attached]
