PATHWAY HEALTH CORPORATION

ANNUAL INFORMATION FORM

APRIL 26, 2022

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EXPLANATORY NOTES

Unless otherwise stated, the information in this Annual Information Form ("AIF") is stated as of December 31, 2021 and all references to Pathway Health Corp.'s (the "Corporation") fiscal year are for the year ended December 31, 2021.

In this AIF, the Corporation and its subsidiaries are collectively referred to as "Pathway", the "Corporation", or the "Business".

This AIF is dated April 26, 2022. All dollar amounts are expressed in Canadian dollars unless otherwise indicated.

FORWARD LOOKING STATEMENTS

This AIF contains forward-looking information. This forward-looking information is not based on historical facts but rather on our expectations regarding the future growth of the Corporation and our respective results of operations, performance and business prospects and opportunities. In addition, this Annual Information Form may contain forward-looking statements attributed to third party industry sources. Although the Corporation believes these publications and reports can be reasonably relied on, it has not independently verified any of the data or other statistical information contained therein, nor has it ascertained or validated the underlying economic or other assumptions. Forward-looking information may include financial and other projections, as well as statements regarding future plans, objectives or economic performance, or the assumptions underlying any of the foregoing. This AIF uses words such as "believe", "expect", "would", "will", "expects", "anticipates", "intends", "estimates", or similar expressions to identify forward-looking information. Such forward-looking information reflects our current beliefs based on information currently available to us.

This AIF contains forward-looking information. The words "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "opportunity", "believe" and similar expressions typically are used to identify forward-looking statements. The use of forward-looking statements reflects our current views, expectations, estimates and/or projections with respect to our performance, business and future events, and in this AIF includes statements relating to, among others: expectations regarding our business; expectations relating to our business goals, objectives and schedules; expectations regarding the benefits of our collaboration agreements; expectations regarding the intended purposes of the Corporation's subsidiaries; expectations for economic, business, regulatory and/or competitive factors related to the Corporation or the cannabis industry generally; expectations regarding the future use of the client database for TCNC's (as defined below) interventional pain and medical cannabis programs; expectations that licenses applied for will be obtained; expectations of market size and growth in Canada; expectations regarding the cannabinoid based therapy industry, including Canada's position therein; expectations regarding the acceptance of cannabinoid based therapies in the medical community; expectations regarding our clinical and product development plans; and expectations regarding development of new intellectual property from cannabinoid product combinations. Forward-looking statements are based on the then-current expectations, forecasts and assumptions about the business and the industry and markets in which we operate, including, among others: that there will be no unforeseen delays, disruptions, market forces, regulations or laws that will prevent us from operating our business; and that we will be able to obtain the capital we require. Forward-looking statements are not guarantees of future performance and involve risks, uncertainties and assumptions which are difficult to predict, including, without limitation: that we may experience unforeseen delays, financing difficulties or costs that will impact our projects, operations, financial performance or liquidity; that we will not be able to advance our business plan or continue operations; that we will not be able to obtain insurance for our operations; that we will not be able to protect our intellectual property; that we will not be able to develop and commercialize, or obtain regulatory approvals to commercialize, products derived from our intellectual property; that we will not be able to recruit physicians and registered nurses for our clinics; that regulatory approvals of products developed from our intellectual property may result in significant delays; that development of cannabinoid based therapies may expose us to liability claims in excess of our insurance coverage; and those risks relating to the occurrence of national disasters, hostilities, acts of war or terrorism, our reputation, our key personnel, competition, employee relations, changes in the cannabinoid based therapy market generally, potential downturns in economic conditions, foreign exchange fluctuations, fluctuations in the currency markets, inflationary pressures, changes in interest rates, changes in regulatory requirements which may alter or prohibit investment in our business, or changes in national and local government legislation, taxation, controls, regulations and political or economic developments in Canada or any other country in which we operate or intend to operate. These risks, as well as others, could cause actual results and events to differ materially from those anticipated in such forward-looking statements. Accordingly, readers should not place undue reliance on forward-looking statements and information, which are qualified in their entirety by this cautionary statement. These statements speak only as of the date of this AIF and we do not undertake any obligations to update such forward-looking statements, except as required by applicable securities law.

All of the forward-looking statements made in this AIF are qualified by these cautionary statements and other cautionary statements or factors contained herein. There can be no assurance that the actual results or developments will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, the Corporation.

CORPORATE STRUCTURE

Name, Address and Formation

The Corporation was incorporated on September 4, 2014 by Certificate of incorporation issued pursuant to the provisions of the Business Corporations Act (Alberta) under the name “Colson Capital Corp.” (“Colson”). The Corporation was classified as a Capital Pool Company (“CPC”) as defined in Policy 2.4 of the TSX Venture Exchange (the "Exchange" or “TSXV”). On September 7, 2017 the Corporation completed its initial public offering (“IPO”) and its shares commenced trading on September 11, 2017 under the symbol COLS.P.

Pathway Health Corp. (“Old Pathway”) was incorporated under the *Canada Business Corporations Act* on September 18, 2020. On January 18, 2021, Old Pathway entered into an asset and share purchase agreement (the “Asset and Share Purchase Agreement”) with The Clinic Network Canada Inc. (“TCNC”), for purchase of all or substantially all of the operating assets of TCNC (the “Asset Acquisition Transaction”).

On January 29, 2021, Old Pathway entered into a definitive share exchange agreement with Colson the (“Share Exchange Agreement”). Under the terms of the agreement, Colson purchased all the issued and outstanding shares of Old Pathway in a 1:1 exchange for the issuance of post-consolidation Colson shares. This resulted in the reverse take-over of Colson by Old Pathway (the “RTO Transaction”). The RTO Transaction together with the Asset Acquisition Transaction constituted a “Qualifying Transaction” pursuant to the policies of the Exchange. The RTO transaction was completed on May 31, 2021, at which time the Corporation amended its articles to change its name to “Pathway Health Corp.” and the common shares in the capital of the Corporation (the “Common Shares”) were consolidated on the basis of 1 post-consolidation Common Share for every 2.941 pre-consolidation common shares previously outstanding. On June 17, 2021 the Common Shares commenced trading on the TSXV under the symbol “PHC.” On December 17, 2021, the Common Shares commenced trading on the Frankfurt Stock Exchange under the symbol “KL1”.

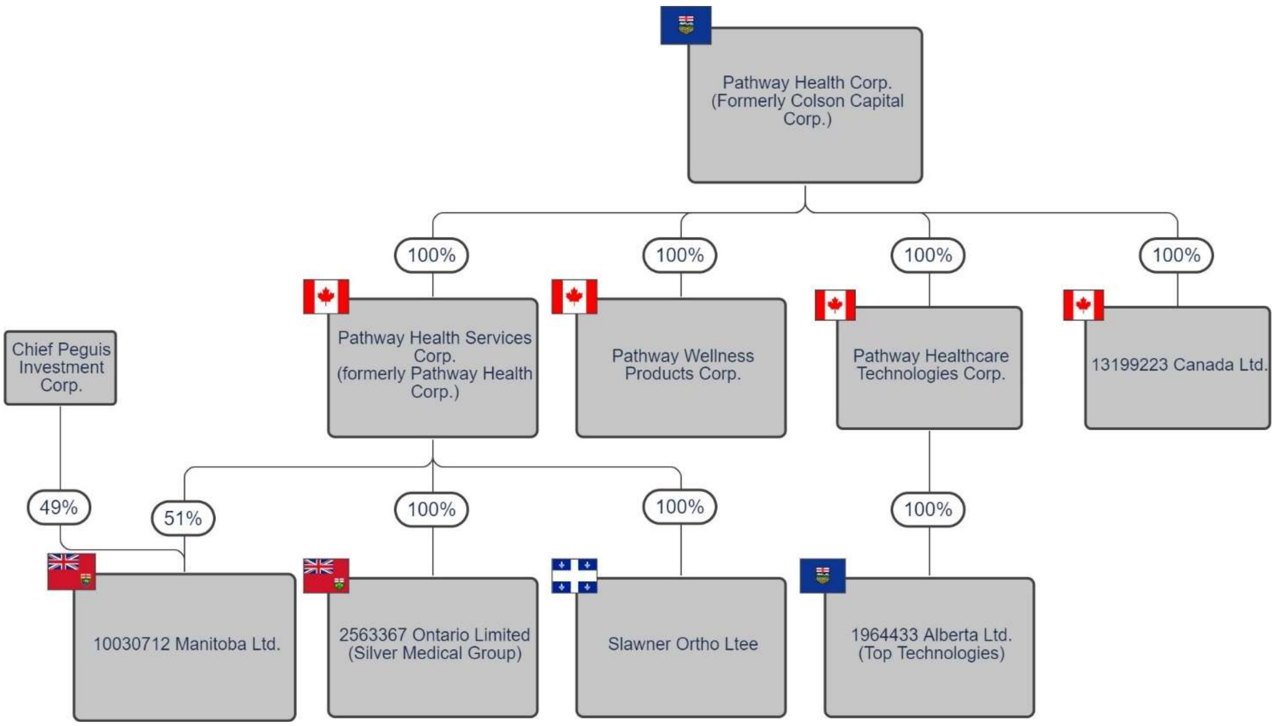
The Corporation’s head office is located at 10 Four Seasons Place, Suite 510B, Etobicoke, Ontario M9B 6H7 and its registered office is located at 1500, 850 – 2 Street SW, Calgary, AB T2P 0R8.

The Corporation’s website is https://pathwayhealth.ca/.

Intercorporate Relationships

The Corporation has the following material subsidiaries, which are all wholly owned unless otherwise indicated: Pathway Health Services Corp., 2563367 Ontario Ltd. (dba Silver Medical Group Centre for Pain

Care), 9393 1681 Quebec Inc. (dba Slawner Ortho Ltée), 1964433 Alberta Ltd., 13199223 Canada Ltd., Pathway Healthcare Technologies Corp., Pathway Wellness Products Corp. and its 51% owned subsidiary, 10030712 Manitoba Ltd.



GENERAL DEVELOPMENT OF THE BUSINESS

Prior to the completion of the Qualifying Transaction, the Corporation was a capital pool company which had no material assets other than cash and did not carry on any operations. Upon completion of the Qualifying Transaction, Pathway Health Services Corp. became a wholly-owned subsidiary of the Corporation and its business activities became the business of the Corporation.

Set out below is a summary of the history of Pathway's business for the past three years (as operated by TCNC prior to the Asset Acquisition Transaction).

The subsequent disclosure contained in this section includes developments of the business of Pathway and TCNC prior to the completion of the Qualifying Transaction on May 31, 2021.

Fiscal 2021 (January 1, 2021 – December 31, 2021)

Asset and Share Purchase Agreement

On September 12, 2020, Cura-Can Health Corp. ("Cura-Can") signed a non-binding letter of intent in connection with the Qualifying Transaction with Colson (the "Letter of Intent"). Subsequently, Old Pathway was incorporated as a wholly-owned subsidiary of Cura-Can in order to participate in the Qualifying Transaction, and prior to the Asset Acquisition Transaction, did not carry on active business. On January 29, 2021, Old Pathway entered into the Share Exchange Agreement with Colson, which superseded the Letter of Intent. Pursuant to the Share Exchange Agreement and subject to the fulfillment of certain conditions precedent, Colson would acquire all of the issued and outstanding common shares of Old Pathway from the shareholders of Old Pathway.

On January 18, 2021, Old Pathway, at the time a wholly-owned subsidiary of Cura-Can, entered into the Asset and Share Purchase Agreement with TCNC, a related party, and also a wholly-owned subsidiary of Cura-Can, under which substantially all of the operating assets of TCNC, including shares held in the capital of 2563367 Ontario Limited dba Silver Medical Group ("Silver"), 1964433 Alberta Ltd., 10030712 Manitoba ltd., and Slawner Ortho (the "TCNC Assets") were acquired by Old Pathway. At the time of the Asset Acquisition Transaction, TCNC operated, either directly or through its subsidiaries, nine pain management medical clinics in Ontario, Quebec, Saskatchewan and Manitoba and through its subsidiary Slawner Ortho, a custom orthotics, prosthetics and home care business. In exchange for the TCNC Assets, Old Pathway issued 10,093,484 Class C Preferred Shares at a deemed price of $0.50 per share and 41,545,226 Class D Preferred Shares at a deemed price of $0.50 per share to TCNC, assumed certain liabilities of TCNC in the amount of $583,555, certain indebtedness of TCNC in the amount of $4,459,446, and issued a promissory note in the amount of $4,855,301 for aggregate deemed consideration of $35,717,657. Upon completion of the Asset Acquisition Transaction, the initial common share of Old Pathway held by Cura-Can was transferred to TCNC for nominal consideration pursuant to a share purchase agreement dated January 18, 2021, and Old Pathway became a wholly-owned subsidiary of TCNC.

Subsequent to the Asset Acquisition Transaction, Old Pathway and the Corporation have continued to operate TCNC's business as described below. Unless otherwise indicated, references to the business of Pathway also include the business of TCNC.

<u>Qualifying Transaction</u>

On January 29, 2021, Old Pathway entered into a definitive share exchange agreement with Colson. Under the terms of the agreement, Colson purchased all of the issued and outstanding shares of Old Pathway in a 1:1 exchange and issued 2,856,171 post-consolidation Common Shares. This resulted in the reverse take-over of Colson by Old Pathway. The RTO Transaction together with the Asset Acquisition Transaction constituted a Qualifying Transaction pursuant to the policies of the Exchange. The RTO Transaction was completed on May 31, 2021, and the Common Shares commenced trading on the TSXV under the symbol "PHC" on June 17, 2021.

Concurrent with the closing of the Qualifying Transaction, Old Pathway had several convertible debentures, notes and deferred acquisition costs that were converted into a total of 10,864,108 Common Shares. Note, as per the descriptions below, these instruments were convertible into Class E Preferred Shares of Old Pathway immediately prior to closing the RTO Transaction, and then immediately exchanged for Common Shares on a 1:1 basis. Details of each convertible instrument are outlined below:

2019 Convertible Debentures

During the year ended December 31, 2019, TCNC issued $50,000 and $100,000 of unsecured convertible debentures, subordinated to senior debt, that matured on August 2021 and October 2021, respectively (collectively, the "2019 Debentures"). The 2019 Debentures were assumed by Old Pathway as part of the Asset Acquisition Transaction.

The 2019 Debentures bore interest at rate of 10% per annum with accrued interest due at the end of the term. Pursuant to the terms of the 2019 Debentures, Old Pathway had the option to satisfy the principal and interest payments through the issuance of Class E Preferred Shares at a price equal to 75% of the deemed price of the Class E Preferred Shares at the time of conversion.

On May 31, 2021, with the close of the Qualifying Transaction, the 2019 Debentures were converted into 468,825 Common Shares.

2020 Convertible Debentures

Between November 10, 2020 to January 17, 2021, TCNC issued unsecured convertible debentures of $2,311,000 (the “2020 Debentures”). These 2020 Debentures were assumed by Old Pathway as part of the Asset Acquisition Transaction.

The 2020 Debentures matured 24 months from the date of issuance and bore interest at a rate of 10% per annum with interest due at the end of the term. The outstanding principal and interest accrued thereon was assignable and automatically convertible into Class E Preferred Shares on the date which was: (i) the closing date of the Asset Acquisition Transaction; (ii) immediately prior to closing of the RTO Transaction; or (iii) by mutual agreement between the holder and Old Pathway if the Asset Acquisition Transaction was completed but the RTO Transaction had not been completed by March 31, 2021. The conversion price of the 2020 Debentures was 75% of the price or deemed price of the Pathway shares as established in the Asset Acquisition Transaction.

On May 31, 2021, with the close of the Qualifying Transaction, the 2020 Debentures converted into 6,450,898 Common Shares.

Deferred acquisition costs

On August 31, 2020, TCNC acquired the assets of Nature Médic Inc. (“NMI”) for the purchase price of $400,000, including contingent consideration of $50,000. Consideration transferred included cash of $100,000 and an unsecured non-interest bearing 12-month convertible promissory note for up to $300,000 of which $50,000 was contingent on financial performance (the “Convertible Promissory Note”). The contingent payment of $50,000 was recorded at its estimated fair value of $nil. The Convertible Promissory Note was assumed by Old Pathway as part of the Asset Acquisition Transaction.

The $250,000 Convertible Promissory Note matured at the earliest of: (i) the date of conversion; or (ii) August 31, 2021. The Convertible Promissory Note was repayable without notice or penalty. NMI could at its sole discretion and upon 30 days written notice, on or prior to the maturity date, convert the principal and interest into common shares at a 10% discount from the listed share price. On conversion, the Convertible Promissory Note had a four month hold period. If the value of the converted shares was less than the value of indebtedness after the hold period, then the issuer was required to either: (i) issue additional common shares to NMI equal to the indebtedness less the value of the converted shares on the date immediate after the hold period (“hold value”); (ii) pay to NMI an amount equal to the hold value in cash.

On May 31, 2021, with the close of the Qualifying Transaction, the Convertible Promissory Note was converted into 555,556 Common Shares based on a $0.50 per common share price with a 10% discount to market on the $250,000 of deferred acquisition cost.

On September 30, 2021 the value of the converted shares were lower than the value of the indebtedness ($250,000). Based on this trading value, on November 3, 2021 the Corporation issued an additional 238,095 Common Shares to satisfy this liability.

Convertible note

On March 6, 2020, TCNC acquired certain assets from National Access Cannabis Medical Inc. (“NACM”) for an aggregate purchase price of $1,200,000, including a convertible note of $200,000 (the “Convertible Note”) and a maximum earn-out bonus of $1,000,000. The Convertible Note was assumed by Old Pathway as part of the Asset Acquisition Transaction.

The Convertible Note had a maturity date of September 6, 2021 and could be repaid prior to maturity, at TCNC’s option, with no premium or penalty. The Convertible Note was convertible into common shares upon the occurrence of a liquidity event. The conversion price per share was the lower of $10,856 or the deemed market value. If no liquidity event occurred prior to maturity, the note would be paid in cash. The conversion terms allowed NACM to convert the Convertible Note into a number of common shares equal to the face value of the note at their deemed market value.

On May 31, 2021, with the close of the Qualifying Transaction, the convertible note was converted into 400,000 Common Shares.

Hew Note

Cura-Can, entered into a secured convertible promissory note ("Hew Note") dated November 5, 2019 for a principal amount of $1,150,000 with interest accruing at a rate of 10% per annum, compounded monthly. On December 31, 2020, TCNC assumed Cura-Can's obligations under the Hew Note for principal payments of $1,150,000 and $140,687 in accrued interest in exchange for a reduction of TCNC's amount owing to Cura-Can under a non-interest bearing intercompany payable. The Hew Note was further amended to extend the maturity date to June 30, 2021. The Hew Note was assumed by Old Pathway as part of the Asset Acquisition Transaction.

The Hew Note was convertible into Class E Preferred Shares of Old Pathway at an amount equal to 90% of the market price. The right to convert the principal amount and all accrued but unpaid interest and fees could only be exercised immediately prior to a liquidity event, qualified financing or change of control. The note was secured by a general security agreement over the assets of Old Pathway.

On May 31, 2021, with the close of the Qualifying Transaction, the Hew note was converted into 2,988,829 Common Shares.

Private Placement

On March 16, 2021, Old Pathway completed a private placement whereby Old Pathway issued 27,600,000 subscription receipts (the "Subscription Receipts") at a price of $0.50 per Subscription Receipt for aggregate gross proceeds of $13,800,000. The gross proceeds from the private placement, less a portion of the fees and expenses of the agents were delivered to the transfer agent (the "Escrowed Funds") and were held by the transfer agent until the waiver and/or satisfaction of certain escrow release conditions, including, but not limited to, the completion, satisfaction or waiver of all conditions precedent to the Qualifying Transaction, the receipt of all shareholder and regulatory approvals required for the Qualifying Transaction and other customary escrow conditions. These conditions were met on May 31, 2021 and the Escrowed Funds were transferred to Old Pathway.

Each Subscription Receipt was automatically exchanged, without payment of any additional consideration, for units of Old Pathway ("Units"), each Unit was comprised of one common share of Old Pathway and one-half of a common share purchase warrant. Each common share and each warrant was, in accordance with the Share Exchange Agreement, subsequently exchanged for one Common Share and one common share purchase warrant of the Corporation. Each warrant entitles the holder thereof to purchase one additional common share of the Corporation at an exercise price of $0.75 at any time up 24 months from issuance.

On closing, the agents were entitled to a cash commission equal to 8% of the aggregate gross proceeds, (excluding proceeds raised from certain subscribers on a president's list provided by Old Pathway to the agents, for which the agents were paid 2% of the gross proceeds. In addition, 2,096,228 non-transferable broker warrants (the "Broker Warrants") equal to 8% of the Subscription Receipts sold (other than proceeds raised from President's List subscribers, for which the agents were issued Broker Warrants equal to 2% of the gross proceeds) were issued to the agents. Additionally, $100,000 of gross proceeds under the Subscription Receipt Offering were subscribed for by "Non-Arm's Length Parties" of Old Pathway for which no commissions were paid to the agents. Each Broker Warrant is exercisable to acquire one Common Share for a period of 24 months from the Escrow Release Date at an exercise price of $0.50 per Common

Share. In addition, the agents were paid a corporate finance fee of $150,000, comprised of a $75,000 cash payment and $75,000 in Common Shares at a deemed price of $0.50 per share.

Bridge Notes

On March 23 and 24th, 2021, Old Pathway entered into agreements for the issuance of $825,000 ($750,000 net of loan fees) in bridge loan notes (“Bridge Notes”), including $357,500 with related parties. The Bridge Notes bore a coupon interest at a rate of 10% per annum and matured at the earlier of September 22, 2021 (the “Maturity Date”) and the occurrence of any events which constitute an event of default. The Bridge Notes were subject to a minimum of three months accrued interest and fees if prepaid prior to the Maturity Date. The outstanding principal ($825,000) and accrued interest ($20,625) of the Bridge Notes were repaid on June 2, 2021.

Joint Venture

On April 1, 2021, the Corporation entered into a set of agreements with to forma joint venture (collectively, the “JV”) with the Peguis First Nation (“Peguis”), under which 10030712 Manitoba Ltd. would lease two locations (Selkirk and Winnipeg, Manitoba) with an initial term of 5 years and an option for two additional renewal terms of 5 years each. As part of the lease and sublease, Peguis, in the form of loans to the JV, incurred $595,402 (the “Selkirk Loan”) and $448,361 (the “Winnipeg Loan”) in leasehold improvement costs in these two locations, respectively. Under the lease and sublease, the leasehold improvement loans will be amortized over the initial term plus all renewal terms of the lease and sublease (estimated maturity date of October 1, 2035) and will be added to the monthly lease payment of each location. Interest accrues on the outstanding balance of the leasehold improvement loans at a rate of 6% per annum. The lease and sublease have been dated effective October 1, 2020. In addition, the JV would enter into a management agreement with Pathway under which Pathway would oversee its operations (the “Management Agreement”) until such time as Peguis or Pathway give notice and/or become insolvent or windup their business.

TCNC had previously purchased specific assets from Natural Health Services (“NHS”), a subsidiary of its parent Cura-Can. TCNC had also purchased certain clinical operational assets from National Access Canada Corporation (“NACC”) and Meta Growth Corporation (the “NHS and NACC Acquired Assets”). These assets were acquired by Old Pathway as part of the Asset Acquisition Transaction. As part of the JV, Old Pathway contributed all of its right, title and interest in and to any part of the NHS and NACC Acquired Assets that solely related to the province of Manitoba and will provide a non-exclusive, royalty-free, fully paid up, non-transferable, non sub-licensable license to use the intellectual property in connection with the conduct of the operations of the clinics in Selkirk and Winnipeg, and to allocate revenues attributable to the current and former patients of NHS and NACC in those locations. In exchange for this contribution, Peguis agreed to make a capital contribution of $250,000 per location (for a total of $500,000) to 10030712 Manitoba Ltd. which is offset against the Selkirk Loan and Winnipeg Loan. As of the date of this AIF, the Corporation continues to hold 51 shares of the joint venture, representing 51% of the issued and outstanding shares and 1002241 Manitoba Ltd. will continue to hold 49 shares of the joint venture, representing 49% of the issued and outstanding shares.

Incorporation of Pathway Wellness Products Corp., 13199223 Canada Ltd. and Pathway Healthcare Technologies Corp.

In an effort to facilitate potential future expansion of Pathway’s business, Pathway Wellness Products Corp. (“PWHC”), 13199223 Canada Ltd. (“131 Canada”) and Pathway Healthcare Technologies Corp. (“PHTC”) were incorporated.

PWHC was incorporated on December 14, 2020 and 131 Canada was incorporated on July 2021. These two companies are intended to represent the future business division which will be focussed on assisting or partnering in the development of and facilitate in the distribution of cannabinoid (focused on cannabidiol (“CBD”)) based products once regulations permit.

On January 5, 2021, Pathway entered into a letter of intent with Geocann LLC for the preferred supply and distribution of cannabinoid-based products incorporating patented VESIsorb® technology (for improved bioavailability and absorption). Pathway's potential future plans include engaging licensed producers, formulation specialists and professionals in clinical trials to develop, manufacture, distribute and sell CBD based products utilizing the VESIsorb® technology on behalf of Pathway. As of the date of the AIF, Pathway has not manufactured or distributed CBD based formulas and continues to monitor the regulatory environment for anticipated changes by Health Canada. Further, Pathway's collaboration agreements with retail pharmacy partners offers Pathway the opportunity to secure shelf-space for future products produced and manufactured by duly licensed entities. Currently, Pathway has entered into agreements and strategic relationships with third party retail pharmacy corporations and is in early stage conversations about product development.

PHTC was incorporated on January 25, 2021. Currently, PHTC's main proposed function and aim is to support the goals of Pathway's principal business units (Inter-Disciplinary Clinics and Education and Order Fulfillment Services with License Holders), including by facilitating the efficient execution of the Medical Cannabis Management Program ("MCMS") for pharmacy and preferred licensed partner ("PLP") programs, by automating the business process and by reducing resource requirements and costs. This will facilitate the scaling of the business with minimal additional headcount or consultants and by leveraging technology, including the Spark proprietary software.

<u>O Cannabis We Stand on Guard for Thee</u>

On September 1, 2021, the Corporation acquired assets from O Cannabis We Stand on Guard for Thee Corp ("OCC") for the aggregate purchase price of $279,000. In addition, a performance bonus will be paid up to a maximum aggregate amount of $100,000 payable in either cash or issuance of Common Shares based on the number of patients on the patient list transferred that renews their annual medical document in the first 12 months after closing. The acquisition was completed to give the Corporation access to approximately 4,000 new active patients and expand its telemedicine footprint in several provinces including British Columbia and the Maritimes.

<u>Dual listing on the Frankfurt Exchange.</u>

On December 17, 2021, the Common Shares on the Frankfurt Stock Exchange under the symbol "KL1".

Fiscal 2020 (January 1, 2020 – December 31, 2020)

<u>Medical Cannabis Management Program ("MCMS")</u>

On March 2, 2020, TCNC acquired MCMS, including all rights, trademarks, copyrights, standard operating protocols and intellectual property associated with MCMS from NACM. The MCMS is a set of standard operating procedures for assessment of whether medical cannabis may be an appropriate treatment option for certain patients, designed to facilitate the inclusion of pharmacists in the circle of care for the prescription of medical cannabis by enabling pharmacists to offer medical cannabis assessments to patients. This asset purchase also included MCMS service agreements with 152 independent pharmacies in British Columbia, Saskatchewan, Manitoba, Ontario and Nova Scotia. The aggregate purchase price of $1,200,000 consisted of the Convertible Note and up to $1,000,000 in contingent earn out bonus.

<u>National Access Cannabis Medical</u>

On June 24, 2020, TCNC acquired the operating clinical assets from NACM and its sole shareholder, Meta Growth Corp., for an aggregate purchase price of $800,000 which consisted of a cash payment of $500,000 and $300,000 in contingent earn out bonus. The amount of earn-out bonus was to be determined based on meeting certain performance metrics in the first 12 months after closing of the acquisition of NACM assets and was payable in Class E Preferred Shares if the Common Shares were listed on a public exchange within 12 months of closing of the acquisition of the NACM assets, or in cash.

As part of the Asset Acquisition Transaction, Old Pathway assumed the contingent consideration. On review of the results at the maturity of the calculation period, management will issue 190,806 Common Shares to settle the contingent consideration.

This acquisition included a medical cannabis database of over 28,000 patients served under Health Canada's medical cannabis regulations by NACM's virtual care platform (virtual clinics) in five Canadian provinces across Canada.

Nature Médic Inc.

On April 28, 2020, TCNC entered into a memorandum of understanding ("MOU") with NMI, a leading provider of medical cannabis services in the Province of Québec, under which TCNC and NMI entered into an interim services agreement ("Service Agreement") leading to the potential purchase of the business assets of NMI.

NMI had one clinic in Magog, Quebec and four affiliate clinics in the Eastern townships of Québec. NMI has served over 1,200 patients under Health Canada's medical cannabis regulations. Under the MOU, NMI assisted TCNC in the development of telemedicine and clinic services in Québec to support and deliver on TCNC's national contracts with pharmacy corporations and licensed producers. NMI provided the services through its physician, nursing and support staff at its Québec based clinics and provided telemedicine services. In exchange for the services provided, the TCNC paid certain of NMI's operating expenses and received revenues associated with the services delivered under the Service Agreement.

On August 31, 2020, TCNC acquired the assets of NMI for the purchase price of $400,000 which consisted of $100,000 payment in cash and the Convertible Promissory Note.

Fiscal 2019 (January 1, 2019 – December 31, 2019)

2563367 Ontario Limited o/a Silver Medical Group Centre for Pain Care

On January 21, 2019, TCNC acquired all the issued and outstanding shares of Silver, for an aggregate purchase price of $3,000,000 in cash consideration. The acquisition of Silver positioned TCNC as one of the market leading innovators for interventional pain services in Canada. Silver operates an out-of-hospital premises, licensed by the Ontario Ministry of Health under the Independent Health Facilities Act and inspected by the College of Physicians and Surgeons of Ontario to ensure compliance with standards, with diagnostic imaging capabilities, including ultrasound and fluoroscopy. Silver forms the foundation for Pathway's national expansion plans for establishment of chronic pain clinics in the major provincial markets across Canada.

The shares of Silver were transferred to Old Pathway as part of the Asset Acquisition.

Slawner Ortho Ltée

On March 11, 2019, TCNC incorporated Slawner Ortho and purchased certain assets and assumed certain liabilities of insolvent J. Slawner Ltée from MNP LLP, the court-appointed receiver. Slawner Ortho specializes in custom orthotics, prosthetics and home health care products. The acquisition was completed to add pain management products to TCNC's pain management offerings. Consideration for the purchase consisted of a $25,000 cash deposit paid on March 5, 2019 and a cash payment of $349,441 on March 18, 2019.

At the time of purchase, the Slawner Ortho business consisted of five well-established clinics in the Greater Montréal region and Eastern townships of Québec. The clinics are all based in hospitals and medical clinic settings and have served over 200,000 patients suffering from orthopedic foot and lower limb pain. Management believes the Slawner Ortho's database is comprised of patients who may be ideal candidates for TCNC's interventional pain and medical cannabis programs.

The shares of Slawner Ortho were transferred to Old Pathway as part of the Asset Acquisition Transaction.

<u>Natural Health Services Ltd.</u>

On December 18, 2019, Cura-Can, acquired all the issued and outstanding shares of NHS, a wholly-owned subsidiary of Sunniva Inc. ("Sunniva"). Cura-Can paid an aggregate purchase price of $9,000,000 to Sunniva consisting of: (i) $250,000 in cash; and (ii) 7,000,000 common shares of Cura-Can. As part of the purchase agreement 600,000 common shares were held back to cover any working capital adjustments post-closing date. Subsequent to the working capital adjustments, 580,031 were retained by Cura-Can and 19,969 shares were released. The final purchase consideration was $250,000 and 6,419,969 Cura-Can shares.

As part of the NHS acquisition, Cura-Can also acquired the assets of 1964433 Alberta Ltd. o/a Top Technology ("196 Alberta"), which owned the source code to the Spark proprietary software (the "Spark Software"). Spark Software is application software that allows NHS access to Health Canada licensed producers and sellers product inventory levels and the ability to download patient medical document (prescription) authorizing the use of cannabis for medical purposes (the "Medical Documents") to a licensed producer or seller under the *Access to Cannabis for Medical Purposes Regulations* (each a "LH") for order fulfillment.

NHS operated 7 medical cannabis clinics in Edmonton, Calgary, Medicine Hat and Lethbridge, Alberta; Saskatoon, Saskatchewan; Winnipeg, Manitoba; and Windsor, Ontario. These specialized clinics provided consultations with physicians who diagnosed, assessed, and issued the medical cannabis prescriptions based on a patient's medical condition. Following the issuance of a Medical Document patient educators would fill the prescriptions with appropriate LH. NHS has served over 120,000 patients under Health Canada's medical cannabis regulations.

As a result of significant business disruptions and other COVID-19 related factors, during the course of 2020 NHS faced significant losses and was no longer able to continue as a going concern. NHS ceased operations on November 24, 2020. From January 1, 2020 until November 24, 2020, TCNC operated the NHS business under the terms and conditions of a management agreement between TCNC and NHS. Effective November 24, 2020, NHS terminated the management agreement with TCNC. In September 2020, Cura-Can completed an independent valuation of the assets of NHS, which included certain equipment used in the business of NHS, intangibles, and the shares of 196 Alberta. Following delivery of the valuation, Cura-Can authorized the sale of the remaining NHS assets to TCNC in exchange for a promissory note in the amount of $215,330. As part of the sale of the NHS assets, TCNC acquired the Spark Software, owned and created by 196 Alberta.

The NHS assets purchased by TCNC were transferred to Old Pathway as part of the Asset Acquisition Transaction.

SIGNIFICANT ACQUISITIONS

Except for the Asset Acquisition Transaction and the RTO Transaction, Pathway has not completed any significant acquisitions or dispositions for which financial statements would be required under Part 8 of National Instrument 51-102 as at the date of this Annual Information Form.

NARRATIVE DESCRIPTION OF THE BUSINESS

General

Pathway is an integrated healthcare company that provides products and services to patients suffering from chronic pain and related conditions. The Corporation owns and operates eleven community-based clinics across four provinces where its team of health professionals work together to help patients through a variety of evidence-based approaches and products, including medical cannabis. Pathway's patient care programs utilize an interdisciplinary approach that is guided by trained pain specialists, physical and occupational therapists, psychologists, nurses, and other healthcare providers. Pathway is also the leading provider of medical cannabis services in Canada and has established itself as the leading partner with national and regional pharmacy companies for the delivery of medical cannabis services to their customers.

Pathway intends to develop and launch health products, some of which may be classified by Health Canada as Schedule 2 drugs (with prescription) and Schedule 3 over-the-counter (no prescription) products (Cannabis Health products ("CHPs")), for patients suffering from chronic pain, anxiety, insomnia and related to chronic conditions. Pathway anticipates that these products may be distributed through Pathway's collaborations with their Health Canada authorized LH and are under consideration by the retail pharmacy corporations. As of the date of this AIF, Pathway has applied for a cannabis license for federal sale of cannabis products for medical purposes without possession. The application is currently under review.

Principal Business Units

Pathway generates revenue through the operation of eleven physical inter-disciplinary clinics in four provinces, Quebec, Ontario and Manitoba, and the provision of virtual care across Canada. Pathway's clinical patient services are paid for by provincial health insurance, third party insurance companies and privately by patients. Clinical services paid for by provincial and third party insurance includes: medical assessment and follow-up, multi-modality diagnostic imaging, intravenous therapies, medical implants, nerve block injections and other interventional therapies. The clinics are operating under the trade names of: The Clinic Network; Slawner Ortho; Nature Médic; and Silver Centre for Pain Care. All standard operating procedures ("SOPs") are being re-engineered to established national standards for patient care. Integration of services is underway to strive for best patient outcomes while increasing revenue per patient.

Subject to applicable laws and regulations, Pathway has assembled a large database of over 350,000 patients that could potentially be used for clinical research and trials to support its core chronic pain business, and to measure efficacy of Pathway's potential products that are being developed and branded for its patients and its retail pharmacy partners.

Pathway's Inter-Disciplinary Clinics

Pathway's goal is to become the leading provider of pain management services and wellness products in Canada. Pathway has a three-pillar approach to its pain management services that consists of: (i) interventional pain management; (ii) multi-disciplinary rehabilitation; and (iii) medical cannabis.

Interventional Pain Management

Pathway's pain management centres specialize in the full spectrum of the diagnosis and treatment of pain, with a focus on Interventional Pain Management ("IPM"). These evidence-based treatments are performed by trained specialists using state-of-the-art techniques including minimally invasive, image guided interventions to diagnose the source of, and treat chronic pain.

The IPM vision is to create a novel model of long-term chronic pain management by implementing high standards and risk mitigation in the community.

Pathway's IPM team provides services within an established framework of a comprehensive pain strategy that:

- provides timely access to evidence-based medical and supportive pain care by maintaining an "open door policy", allowing patients to access Pathway's IPM services without a referral;

- offers appropriate interdisciplinary treatments for chronic pain patients considered candidates for opioid therapy or receiving chronic opioids and other controlled substances;

- provides assessment and management to patients on opioid medications;

- facilitates continuity of care by serving as a conduit to and from the family physicians and pharmacies;

- implements College of Physicians and Surgeons of Ontario 2017 standards and guidelines by developing clinical protocols concerning the opioid initiation, maintenance, monitoring, and risk mitigation;

- networks with other healthcare and community partners and facilities linked to both academic hospitals and local community services;

- provides chronic community-based pain education to academic learners, practicing physicians and the local public;

- collects and analyzes outcome data; and

- engages in longitudinal quality improvement and research projects related to effectiveness, long term consequences, and safety of opioids.

The IPM services provided are:

- chronic pain assessment, diagnosis, and multimodal management;

- chronic opioid risk assessment;

- chronic opioid management and monitoring;

- rapid detoxification; and

- patient education via community counseling and online resources.

Consideration for future services include the integration and cooperation with other community programs to launch or expand:

- ongoing education;

- clinical pharmacy;

- social services and life coaching;

- mental health and addiction;

- group therapy (therapeutic yoga, nutrition education, mindfulness and cognitive-behavioral therapy);

- functional rehabilitation; and

- personalized data and outcome tracking.

<u>Multi-Disciplinary Rehabilitation</u>

The second pillar of Pathway's three pillar approach is multi-disciplinary rehabilitation. This team approach for care and service is the basis for rehabilitation treatment and engages chiropractors, physiotherapists, massage therapists and naturopaths. This multi-disciplinary team establishes, administers, manages and evaluates, the treatment plan for the patient based on their medical condition.

Medical Cannabis Products

Pathway's physicians and nurse practitioners prescribe medical cannabis to qualified patients from a LH, in accordance with the Cannabis Act (Canada) and regulations. Patient educators are either registered nurses or personnel with medical cannabis knowledge across many LH product offerings. The nurses are governed by their respective Colleges for their scope of practice and medical record keeping. For the non-licensed educators, Pathway monitors and maintains the quality standards for the delivery of these services. Educators then inform qualified patients of LH product options and fulfill the order with the patient's choice of LH. The LH products are delivered directly to the patient's home. Pathway operated clinics are not dispensaries and, as such, do not carry inventory or distribute cannabis products.

Only physician services are covered by provincial health insurance, specifically patient assessment, diagnosis, consultation and follow-up services related to medical cannabis usage. Medical cannabis products and services provided by nurse practitioners and/or non-licensed educators are not covered by provincial health insurance.

The main components of the *Patient Journey* for medical cannabis are:

(a) Patient Diagnosis, Prescription & Follow-up:

- **Patient Diagnosis**: patients who are diagnosed with a medical condition and have tried at least one prior traditional medication or treatment are eligible to obtain a Medical Document from a Pathway physician or nurse practitioner.
- **Prescription**: the Medical Document is the authorization for medical cannabis at the prescribed limit per day. Once prescribed, the patient speaks with one of Pathway's patient educators who provide an in-depth education session on LH product options for their medical condition;
- **Placing Prescriptions with License Holder**: once prescribed, patient educators will assist patients in completing their order for medical cannabis with their choice of LH; and
- **Quarterly Patient Follow-up:** Pathway health care practitioners and educators perform quarterly re-assessments with their patients to ensure product efficacy and to adjust product usage or prescriptions (as required) with the clinician writing the prescription. This procedure is compliant with provincial Colleges of Physicians and Surgeons and nurse practitioner governing authority requirements.

(b) LH Education & Order Fulfillment Services:

Pathway provides education and administration services to LHs that assist patients in selecting strains of medical cannabis and fulfilling the patient's order with a LH of their choice. Pathway patients choose different types of dried product, cannabis oil or alternative delivery system, based on their preference and medical needs. Pathway evaluates the medical product offerings from the lead LHs in Canada, cataloguing strains and oils, reviewing quality, consistency, reliability, product availability and pricing programs.

Pathway facilitates safe and informed access to medical cannabis within the laws and guidelines established by Health Canada under the *Cannabis Act* (Canada) and regulations. The proprietary Spark Software, owned and created by 196 Alberta, has direct links with selected LH partners for timely processing of the Medical Document and up-to-date information on all LH inventory. In this manner, Pathway provides education and administrative services to assist patients in navigating an often complex system in order to access the medication they need from an LH.

Pathway has commercial agreements with LHs that provide the revenue used to support the patient education and case management services. Currently, Pathway has Eduation Fee agreements with 9 licensed producers/sellers, each having multiple products and some having multiple brands.

Operations

Pathway's corporate office is located in leased space at 10 Four Seasons Place, Suite #510B, Toronto, Ontario M9B 6H7. This lease is with an arm's length third party on terms and conditions customary for leases of this nature.

Pathway is dedicated to improving the quality of life of its patients. Pathway has established a network of specialized medical clinics in major markets throughout Canada to treat patients with chronic pain and connect patients with access to medical cannabis. Pathway's network consists of eleven multi-disciplinary pain clinics in four provinces and provides virtual care for medical services for medical cannabis across Canada. All of the pain clinics operate in leased office space; all leases are with third parties on terms and conditions that are customary for leases of this nature. Each of Pathway's leased clinic properties are listed below:

Clinic Location	Lease Expiration Date
4980 Jean-Talon Street West, Montréal, QC H4P1W9	February 29, 2028
230 boulevard Brisebois, Local 103, Chateauguay, QC J6K 0H5	September 30, 2024
5767 LeGare, Pavillion K, Montréal QC H3T 1E4	May 31, 2026
4646 Dufferin St., Unit 9, Toronto ON M3H 5S4	December 31, 2023
2377 rue Principale Ouest, Ste #120, Magog, QC J1X 0J4	April 30, 2024
7600 Boulevard Viau, Local RP341, Montreal, QC H1S 2P3	December 31, 2025
1065 Portage Ave., Main floor, Winnipeg MB R3G O68(1)	September 30, 2025
620 Manitoba Ave., Selkirk MB R1A 1A5(1)	September 30, 2025
378-4th Ave South, Lethbridge, AB T1J 5E9	April 30, 2022
110 - 8180 Macleod Trail SE, Calgary, AB T2H 2B8	February 7, 2023
10143 - 50th Street, Edmonton, AB T6A 2C1	February 24, 2023

(1) Locations of the Corporation's joint venture 10030712 Manitoba Ltd

Pathway plans to undertake additional expansion with green field clinics and strategic affiliate partners in major geographic provincial markets in which they do not currently have any representation.

To facilitate Pathway's operations and business model, Pathway has established roles and responsibilities to capture Pathway's mission statement, standard operating procedures, clinical protocols, hiring practices and position accountability.

Employees

As of January 5, 2022, the staff portfolio of Pathway (and all subsidiaries) consists of:

- 10 management staff members;
- 34 physician consultants;
- 13 nurse practitioners comprised of consultants and staff members; and

- 91 full-time and part-time equivalent staff comprised of 20 nurses (certified registered nurses or licensed practical nurses) and physician assistants, 2 sales/marketing members, 11 medical cannabis educators and 58 support staff.

Principal Markets and Trends

Chronic Pain

According to the Canadian Pain Task Force (established in March 2019 by the Government of Canada), an estimated 7.6 million, or one in five Canadians (across their lifespan), live with chronic pain.[1] In fact, chronic pain in Canada costs more than cancer, heart disease, and HIV combined.[2] Chronic pain is often associated with other chronic conditions and can affect people across their entire lifetime. Chronic pain has significant impacts on physical and mental health, family and community life, society, and the economy, with the total direct and indirect cost to Canadians of $38.2 to $40.3 billion in 2019.[1] Health Canada's Action Plan for Pain in Canada March 2021 Report estimates the direct costs (expenditures for physicians' services, prescription drugs, and hospital inpatient and outpatient care) were between $15.1 and $17.2 billion in 2019.[1] Preliminary estimates by Health Canada forecasts the number of individuals living with chronic pain will increase by 17.5% from 2019 to 2030 as the population grows and ages to as many as 8.3 million Canadians by 2025 and 9.0 million by 2030. [1] By 2030, the estimated direct costs will rise to $20.5–$23.4 billion and indirect costs to $31.5 billion, resulting in a total cost increase of 36.2% during this period to $52–$55 billion.[1] Despite the substantial cost, people living with pain in Canada continue to face tremendous barriers to care, employment supports, and other services.

Treatment options for chronic pain patients in Canada include: pharmacotherapy; psychological interventions; rehabilitation and physical therapy; procedural interventions (injection-based or medical device-driven therapies); practitioner administered manual therapies; and self-management techniques like mindfulness meditation. These treatments are often provided as standalone treatments with no coordination of care across different treatment modalities. This is despite the mounting evidence of the effectiveness of a coordinated biopsychosocial approach to assessing and treating chronic pain. The limited facilities in Canada that do offer interdisciplinary care are characterized by long wait times and companies like Pathway are filling the gap between monomodal care and hospital-based pain clinics.

Obsolescence in the delivery of healthcare services through clinics is generally linked to a clinic's location, services offered, use of current health care technology, and ease of use of patient facing information systems. Pathway's goal is to have interdisciplinary pain clinics in all major geographic markets across Canada. This will be achieved by expanding services in some of its established clinics, green field clinic developments and affiliated complementary clinics in which Pathway expands its pain and medical cannabis services.

Generally, the pain management business is neither cyclical nor seasonal as patient demand is based on medical conditions. However, you can have lower patient volumes during holiday seasons and may be impacted by physician vacations and schedules. For the medical cannabis segment of Pathway's business, the market data is as follows:

- The number of medical clients registered with Health Canada LHs fell 9% from 292,399 in March 2021 to 264,686 in September 2021. The average daily amount authorized by health care practitioners for these individuals has remained relatively constant at 2.1 grams per day since the coming into force of the *Cannabis Act* in October 2018.[3]

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[1] An Action Plan for Pain in Canada, Health Canada, May 2021
[2] Lynch ME. The need for a Canadian pain strategy. Pain Res Manag. 2011 Mar-Apr; 16(2): 77–80
[3] Government of Canada: *Data on Cannabis for Medical Purposes* (https://www.canada.ca/en/health-canada/services/drugs-medication/cannabis/research-data/medical-purpose.html)

- Based on the 2020 average per gram cost of $8.50, the medical cannabis industry was estimated to generate revenues over $500 million in 2020 with an anticipated $0.7 billion to $1.7 billion in annual sales by 2024.[4]

- One rate limiting step to medical cannabis market growth has been accessing prescribing physicians. At March 2020, there were 7,467 physicians prescribing medical cannabis[5] of the 91,375 licensed physicians in Canada[6]; which is less than 8.2% of the total licensed. We believe access to medical cannabis through the 42,500 licensed pharmacists in Canada[7] (who are a trusted gatekeeper for traditional medications), will be the paradigm shift that could also lift this barrier.

Pathway recognizes how difficult access to timely, convenient and quality healthcare in Canada has become and how these issues will be exacerbated in the future with the aging population requiring more frequent services. As of the date hereof, patients face long wait times and have fragmented healthcare records, which plays a role in the management of their care. In September 2019, nearly 4.8 million Canadians said that they did not have a family physician[8]. These challenges on the healthcare system are expected to intensify as it is forecast that by 2036, approximately 25% of the global population will be aged 65 and older[9]. Physicians and other healthcare providers are also facing challenges and have reported feeling overworked and burdened by operational challenges. With the support of physicians and other healthcare care providers, Pathway strives to bridge the challenges discussed above and make healthcare services timelier and more accessible for patients through its clinics. Accordingly, Pathway has been creating convenient access to interdisciplinary patient services for chronic condition management, through its network of Pathway's 8 interdisciplinary pain management clinics in Canada and through its national virtual care platform.

Medical Cannabis Market

The size of the global medical cannabis market was estimated at USD $16.47 billion in 2021 and is forecasted to grow to USD $46.18 by 2026, with a CAGR of 22.9% during that period.[10] According to Statistics Canada, total cannabis sales in Canada in 2019 was approximately $6 billion.[11] Health Canada's 2021 Canadian Cannabis Survey indicates that 17% of those surveyed who had used cannabis in the past 12 month used it for medical purposes only and another 28% used it for both medical and recreational purposes.[12]

With the anticipated next round of amendments to the Cannabis Act ("Cannabis Act Amendments"), it is expected CHPs will be introduced, potentially starting with CBD based CHPs. The Institute of Fiscal Studies and Democracy at the University of Ottawa estimates the market size for CBD based products will be about $1.88 billion in the first year after a new regulatory approach to CBD based products is adopted.[13] This market is expected to grow at an average annual rate of 6.9% a year, reaching $2.45 billion by the fifth year.[13] Management believes the CHP market represents a unique opportunity for Pathway because of its valued relationships with pharmacists and pharmacy corporations. Management expects as part of Cannabis Act Amendments, Health Canada will also be establishing retail pharmacies as the primary distribution channel for these cannabinoid-based products. Pathway currently has agreements with companies representing approximately 2,000 retail pharmacies across Canada and this number is expected to increase in 2022.

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[4] Cannabis Business Plan: *Canadian Cannabis Market* (https://cannabusinessplans.com/canadian-cannabis-market/)
[5] Government of Canada: *Data on Cannabis for Medical Purposes* (https://www.canada.ca/en/health-canada/services/drugs-medication/cannabis/research-data/medical-purpose.html)
[6] Canadian Institute for Health information: *Physicians in Canada (*https://www.cihi.ca/en/physicians-in-canada)
[7] Canadian Pharmacists Association: *Pharmacists in Canada* (https://www.pharmacists.ca/pharmacy-in-canada/pharmacists-in-canada/)
[8] Our World in Data, Age Structure, Hannah Ritchie and Max Roser, September 2019
[9] Our World in Data, Age Structure, Hannah Ritchie and Max Roser, September 2019
[10] https://www.marketdataforecast.com/market-reports/medical-cannabis-market
[11] https://www150.statcan.gc.ca/n1/pub/13-610-x/cannabis-eng.htm
[12] 2021 Canadian Cannabis Survey (CCS), Health Canada, 2021
[13] https://chfa.ca/en/regulatory/CBD-Economic-Report

Business Growth Initiatives

Pathway intends to continue building its clinic and patient base through acquisitions. Pathway has established certain criteria for its clinic and partnership targets that include:

(ii) experienced pain physicians/clinicians with a reputation for clinical excellence and an entrepreneurial orientation;

(iii) established above average clinic revenue and organic growth potential with capacity for clinic expansion of services at the existing location;

(iv) provincial geographic center with a catchment of patients in the surrounding area;

(v) ability to expand Pathway's interventional pain, medical cannabis and pharmacy program services, within an existing medical group or group of clinics serving a region. This permits the development of a "hub" and "spoke" model for centralization of Pathway's specialized services;

(vi) no limitations by provincial and College of Physicians licensing authorities for interventional pain services that permit Ministry of Health billings at a specialist physician level;

(vii) programs for captive member populations with existing payor relationships i.e. unions and Federal First Nation non-insured services; and

(viii) no conflict or limitations with Pathway's provision of pharmacy, pain or medical cannabis services.

Patient Growth Opportunities

For Pathway, growth of the patient base is of continued importance to its future success. To that end, Pathway will focus on organic growth to increase its patient intake and clinical research to monetize its significant database of over 350,000 patients.

The organic growth plan is based on innovative programs that management of Pathway will develop for specialty markets in Canada. The Pathway team has identified market opportunities with retail pharmacy companies, insurance companies, unions and healthcare vertical market service providers.

These strategic initiatives represent significant growth potential for Pathway and are in the following areas:

(a) Digital Marketing Assets

Pathway intends to embark on a re-branding of its pain and medical cannabis services through direct-to-physician campaigns, digital marketing, search engine optimization and customer relationship management development. The emphasis of these programs will be to gain access to the patient database, referring physicians and potential associated clinics, for marketing of the re-branded message for clinical services and products.

(b) Medical Cannabis Management System for Pharmacies ("**MCMS**")

The MCMS is a proprietary process that has been trademarked by Pathway. It was designed to be implemented in retail pharmacies, with the overarching goals of providing access points for medical cannabis care and enabling pharmacists to offer medical cannabis assessments to appropriate pharmacy patients. Under the MCMS, patients are then connected to a Pathway physician or nurse practitioner for further evaluation through virtual care, along with product selection assistance by a patient educator.

Alternatively, the MCMS allows for pharmacies to connect patients to their own affiliated physicians. The MCMS has also been designed to be integrated into a formal medication review for the pharmacist.

The MCMS consists of a bilingual on-line education program accredited by the Canadian Council on Continuing Education in Pharmacy (CCCEP) for 4 continued education units. Pathway is the only clinic operator with CCCEP accreditation. Subject to the acceptance of a new application by CCCEP at the annual renewal of certification, the CCCEP accreditation will be changed from TCNC to Pathway. The MCMS also offers patient assessment tools for the pharmacist including consent forms, marketing material, back-end patient tracking, standard operating procedures and continuing education. Intellectual property rights around the branding and naming of the MCMS are owned by Pathway.

Pathway has signed agreements with 3 of Canada's largest pharmacy chains bringing its total number of retail pharmacies who will have access to the MCMS program to approximately 2,000. These agreements are important milestones in advancing the Corporate strategy of working closely with the pharmacies in preparation for their expected pivotal role in medical cannabis going forward – including potentially being the primary distribution channel for CHPs.

In fiscal 2021, the Corporation contracted the following number of retail pharmacies to have access to the MCMS program:

	Q1-2021	**Q2-2021**	**Q3-2021**	**Q4-2021**
# of pharmacies	Nil	900	425	521

(c) Third Party Payor Opportunities

Pathway generates revenue by providing services that are covered by provincial health plans and third-party health insurance plans. These services are billed directly by Pathway, or by Pathway physicians, to the provincial plans and third-party payors. Uninsured services not covered by either provincial health or third-party payors are billed directly to patients.

Pathway provides treatment plans for chronic pain and opioid addiction. Pathway's treatment plans include:

- nerve blocks that inject analgesics to reduce pain intensity (currently covered by some provincial plans);
- infusion of lidocaine or ketamine to treat neuropathic pain (currently covered by third-party payors or paid by the patient out-of-pocket);
- chronic pain management programs that combine education, cognitive behaviour and self-management therapies (covered by provincial and third-party payors); and
- the prescribing of medical cannabis as third-line agents in the treatment of neuropathic pain (covered by some third-party payors or paid by the patient out-of-pocket).

As of December 31, 2021, several major private insurance companies (i.e. Sun Life, Manulife, Great West Life, Cooperators and Green Shield) have approved medical cannabis for inclusion in employee health plans in Canada. Coverage is based on the patient/employee meeting identified medical conditions specific to the insurer.

Unions traditionally have good health benefits coverage where their members are involved in workplace injuries, suffer from chronic pain conditions and are subject to high dosages of pain medications, for which medical cannabis may be an effective substitute. That, combined with union members being directed to designated preferred pharmacy locations for obtaining their traditional medications, presents a significant opportunity with Pathway's pharmacy and medical cannabis programs. Pathway's national network of interventional pain clinics and virtual care medical cannabis services present a valuable offering to unions and insurance companies.

(d) Expansion of the Technology Offering

Pathway has invested in the development of its proprietary Spark Software platform to support its business objectives.

As the authorization of cannabis for medical purposes and related registration with LHs is different from the management of traditional prescription drugs, Pathway has linked Spark Software to certain PLP, to meet the reporting requirements of the MCMS. These links facilitate the patient registering with the PLP via integration with their licensed patient portals, enterprise resource planning system and via secure fax.

These innovative functions make the MCMS a scalable model for implementing thousands of pharmacies across Canada and meeting the financial accountability requirements in Pathway's pharmacy contracts. In addition, these innovative offerings are a rate limiting step for other competitors considering offering similar pharmacy pain and medical cannabis programs to Pharmacy corporations.

A future expansion of the Spark Software platform functionality will be to link via application program interface ("API") to market leading Electronic Medical Record (EMR systems). The Canadian EMR systems market is largely concentrated with three major providers and Pathway is discussing appropriate API links with all of those providers.

Competitive Conditions

The primary healthcare market is a fragmented environment with thousands of medical clinics spread across Canada. The majority of these clinics are owned and managed by physicians. A lack of professional management and other associated infrastructure limits their ability to grow beyond a single location or small, regional network of clinics. In Ontario alone, there are more than 60 clinics claiming to treat chronic pain, many of which are single-location clinics focused on specific treatments. The inherent rate limiting factors for providing full-service interventional pain treatments are: the availability of diagnostic imaging modalities that require a significant capital expenditure commitment and on-going operating expense; and the availability of interventional trained physician specialists.

The medical cannabis industry is intensely competitive. Pathway faces direct competition from LH owned clinics that are also providing virtual care to its patient base. As a significant patient population (who obtained their Medical Document only to get access to medical cannabis) leaves to purchase their products through the recreational stores, only the patients with chronic medical conditions will remain. These patients require the clinical assessment of their condition and counseling to select appropriate LH products in the marketplace. This, along with the growing coverage of medical cannabis products by third party insurance companies for specific medical conditions provides Pathway through its cannabis clinics and proprietary processes and know how, to grow and maintain its position as the market leader in this space.

Clinics

The other multi-clinic operators in Canada that prescribe medical cannabis products are all wholly-owned subsidiaries of licensed producers ("LP"). As a result, they will likely not be able to overcome the evaluation criteria from retail pharmacy corporations of complying with conflict of interest guidelines for health care providers, in recommending products to patients. Pathway has relationships with many of the LP clinic owners and continues to pursue its interest in market consolidation.

Physicians & Nurse Practitioners

Physicians and nurse practitioners (in certain provinces) are able to prescribe medical cannabis directly for their own patients, as there is no requirement for either general practitioners or specialists to refer patients to a specialized medical cannabis clinic. As at January 5, 2022, Pathway had 9 physicians and 12 Nurse Practitioners trained and able to prescribe medical cannabis in the provinces in which it operates.

Interventional pain physicians continue to be a rate limiting step for organic and green field expansion. Pathway's advantage is the acknowledgement by interventional pain specialists that our clinical services are expected to survive any Ministry of Health limitations in provincial billable services. Pathway expects this to be an ongoing advantage in recruiting additional interventionist pain physicians and those in other pain clinics that could see their billable revenue impacted. This will also create opportunities for acquisition targets that are accretive to the Pathway clinical platform across Canada.

Proprietary Protection

Other than the MCMS trademark Pathway does not have any registered intellectual property that is material to its business.

Future Developments

On January 6, 2021, Pathway entered into a letter of intent regarding a proposed supply and distribution agreement with Geocann LLC. The preferred supply and distribution relationship is intended to allow Pathway or its subsidiaries to include the patented VESIsorb® technology (for improved bioavailability and absorption) into newly developed cannabinoid based products with the aim of producing in partnership with Pathway's PLPs for private-labelling with Pathway's retail Pharmacy partners. The relationship provides exclusivity to Pathway and its seven pharmacy retail partners and its five PLPs in Canada. Additional pharmacies and LHs are expected to be added based on discussions currently underway.

To comply with existing regulatory requirements, Pathway will partner with LHs to produce and develop cannabinoid based products and sell such products through the LH. As the regulations evolve, such that these products may be produced, developed, or sold without a license, Pathway will look to adapt its current model. For example, Health Canada has engaged in discussions with stakeholder groups, regarding the potential approval of regulations for cannabis health products to be distributed in pharmacies (potentially without requiring a Medical Document from a physician). Should this be approved, a license may not be required to develop, produce or sell these products.

Pathway, through its subsidiaries PWPC and 131 Canada, plans on formulating and co-branding health products, some of which may be classified by Health Canada as Schedule 2 drugs (with prescription) and Schedule 3 over-the counter (no prescription) products, for patients suffering from chronic pain, anxiety, insomnia and related conditions. Pathway anticipates that these products may be distributed through Pathway's agreements with their Health Canada authorized LHs and retail pharmacy corporations.

As part of the proposed health products framework, Pathway intends to develop formulations that are targeted to specific medical conditions that also include other medicinal and non-medicinal ingredients supported by scientific evidence.

These Pathway initiatives are focused on improving access to patient services and medical information across the continuum of care - from virtual care services, to in-office patient encounters, to the inclusion of pharmacy drug records and product information from the licensed producer or seller. Pathway believes that access to this continuum of care, when linked with artificial intelligence tools, would make the system more cost effective and assist in reducing the duplication of costly services within the healthcare ecosystem. Pathway believes these initiatives will give Pathway a competitive advantage in the market, make the lives of healthcare providers more fulfilled and provide patients access to more comprehensive and effective care.

To address potential conflicts arising from Pathway both providing prescribing physicians with recommendations for medical cannabis products and developing its own medical cannabis products, Pathway's patient educators make independent recommendations and only suggest medical cannabis products as appropriate based on a patients needs. Any future medical cannabis products developed by Pathway will be one of several products recommended by the patient educator, together with similar products from other LHs. The patient also has final say in what product they ultimately choose.

RISK FACTORS

The Corporation considers the risks set out below to be the most significant to potential investors in the Corporation, but this list does not contain all of the risks associated with an investment in the securities of the Corporation. If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which the Corporation is currently unaware or which it considers not be currently material in relation to the Corporation's business actually occur, the Corporation's assets, liabilities, financial condition, results of operations (including future results of operations), business and business prospects are likely to be materially and adversely affected. In such circumstances, the price of the Common Shares may decline and investors may lose all or part of their investment. Investors should carefully consider the risk factors set out below and all other information contained in this AIF and in the Corporation's other public filings before making an investment decision. An investment in the Common Shares is speculative and involves a high degree of risk due to the nature of the Corporation's business. It is recommended that investors consult with their own professional advisors before investing in the Common Shares.

Risk Factors relating to the Corporation's Business and Industry

Uncertainty of Liquidity and Capital Requirements

The future capital requirements of the Corporation will depend on many factors, including all matters relating to COVID-19, the number and size of acquisitions consummated (if any), rate of growth of its client base, the cost of expanding into new markets (if any), the growth of the market for healthcare services and the costs of administration and the capital market environment. In order to meet such capital requirements, the Corporation may consider additional financing (including the incurrence of debt and the issuance of additional Common Shares) to fund all or a part of a particular venture. There can be no assurance that additional funding will be available, or if available, that it will be available on acceptable terms. If adequate funds are not available, the Corporation may have to reduce substantially or otherwise eliminate certain expenditures. There can be no assurance that the Corporation will be able to raise additional capital if its capital resources are depleted or exhausted. Further, due to regulatory impediments and lack of investor appetite, the ability of the Corporation to issue additional Common Shares or other securities exchangeable for or convertible into Common Shares to finance acquisitions may be restricted.

Growth Management

The Corporation plans to grow rapidly and significantly expand its operations. This growth will place a significant strain on management systems and resources. The Corporation will not be able to implement its business strategy in a rapidly evolving market, without an effective planning and management process. To date, the Corporation has implemented some managerial, informational, operational and financial systems and controls, however, there can be no assurance these systems and controls will be adequate. The Corporation may be required to manage multiple relationships with various strategic partners, users, advertisers and other third parties. These requirements will be strained in the event of rapid growth, or a large increase in the number of third-party relationships the Corporation has, as its systems, procedures or controls may not be adequate to support increased operations and management may be unable to manage growth effectively. To manage the planned growth, the Corporation will be required to significantly improve or replace existing managerial, informational, financial and operational systems, procedures and controls, and to expand, train and manage its intended growing base of personnel. The Corporation may also be required to expand its finance, administrative and operations staff. The Corporation may be unable to complete in a timely manner the improvements to its systems, procedures and controls necessary to support future operations, management may be unable to hire, train, retain, motivate and manage required personnel and management may be unable to successfully identify, manage and exploit existing and potential market opportunities.

Acquisitions and Integration of New Businesses Create Risks and May Affect Operating Results

The Corporation may acquire additional businesses. The Corporation's mergers and acquisitions strategy involves a number of risks related to the realization of synergies and overall integration of the Corporation's operations, including but not limited to, human resources, company culture, product/service pricing, information technology, data integrity, information systems, business processes and financial management. COVID-19 may affect the ability of the Corporation to find new attractive acquisition opportunities and/or could impact the Corporation's ability to execute on the integration of pending acquisition opportunities.

Patient Acquisitions

The Corporation's success depends on its ability to attract and retain patients. There are many factors which could impact the Corporation's ability to attract and retain patients, including but not limited to the successful implementation of the Corporation's patient-acquisition plans and the continued growth in the aggregate number of patients, including those selecting medical marijuana as a treatment option. The Corporation's failure to acquire and retain patients as clients would have a material adverse effect on the Corporation's (and its subsidiaries) business, operating results and financial condition.

Reliance on Physicians and Other Healthcare Professionals

The Corporation relies heavily on the availability of physicians and other healthcare professionals to provide services at its facilities. If physicians and other healthcare professionals were unable or unwilling to provide these services in the future due to any sort of reason including infection due to COVID-19, this could cause interruptions in the Corporation's business until mitigated accordingly. As such, vacancies and disabilities relating to the Corporation's medical staff may cause interruptions in Corporation's business and result in lower revenues. As the Corporation expands its operations, it may encounter difficulty in securing the necessary professional medical and skilled support staff to support its expanding operations. There is currently a shortage of certain medical physicians in Canada and this may affect the Corporation's ability to hire physicians and other healthcare practitioners in adequate numbers to support its growth plans, which may adversely affect the business, financial condition and results of operations.

General Healthcare Regulation

Healthcare service providers in Canada are subject to various governmental regulation and licensing requirements and, as a result, the Corporation's business operate in an environment in which government regulations and funding play a key role. The level of government funding directly reflects government policy related to healthcare spending, and decisions can be made regarding such funding that are largely beyond the businesses' control. Any change in governmental regulation, delisting of services, and licensing requirements relating to healthcare services, or their interpretation and application, could adversely affect the business, financial condition and results of operations. In addition, the Corporation could incur significant costs in the course of complying with any changes in the regulatory regime. Non-compliance with any existing or proposed laws or regulations could result in audits, civil or regulatory proceedings, fines, penalties, injunctions, recalls or seizures, any of which could adversely affect the reputation, operations or financial performance of the Corporation.

Risks Inherent in the Nature of the Health Clinic Industry

Changes in operating costs (including costs for maintenance, insurance, access to health care professionals), inability to obtain permits required to conduct the business, changes in health care laws and governmental regulations, and various other factors may significantly impact the ability of the Corporation's ability to generate revenues. Certain significant expenditures including legal fees, borrowing costs, maintenance costs, insurance costs and related charges must be made to operate its clinics, regardless of whether the Corporation is generating revenue.

Development and Sale of New Products

The Corporation may not be able to successfully develop new products or find a market for their sale. The medical and non-medical cannabis industries are in their early stages of development and it is likely that the Corporation, and its competitors, will seek to introduce new products in the future. In attempting to keep pace with any new market developments, the Corporation may need to expend significant amounts of capital in order to successfully develop and generate revenues from new products introduced by us. As well, the Corporation may be required to obtain additional regulatory approvals from Health Canada and any other applicable regulatory authorities, which may take significant amounts of time and entail significant costs. The products in development may contain innovative ingredients or combinations of ingredients. There is little long-term data available with respect to efficacy, unknown side effects and/or interaction with individual human biochemistry, or interaction with other drugs. As a result, these products could have certain side effects if not taken as directed or if taken by an end user that has certain known or unknown medical conditions. The Corporation may not be successful in developing effective and safe new products, bringing such products to market in time to be effectively commercialized, or obtaining any required regulatory approvals, which, together with any capital expenditures made in the course of such product development and regulatory approval processes, may have a material adverse effect on our business, financial condition, operations and the business may be subject to products liability or other legal actions.

Government Regulation

The Corporation's operations may be subject to governmental laws or regulations promulgated by various legislatures or governmental agencies from time to time. A breach of such legislation may resulting in the imposition of fines and penalties. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. The Corporation intends to fully comply with all governmental laws and regulations. The LPs that provide medical marijuana to the Corporation's patients will be subject to various federal, provincial and municipal laws relating to the Access to Cannabis for Medical Purposes Regulations in Canada. While there are currently no indications that the Corporation requires approval from Health Canada, such approval may ultimately be required. There can be no assurance that changes in the laws and regulations will not have an adverse effect on the Corporation's business.

The current and future operations of the Corporation are and will be governed by the laws and regulations governing the health care industry, labour standards, occupational health and safety, land use, environmental protection, and other matters. Amendments to current laws, regulations and permits governing operations and activities of health clinics, or more stringent implementation thereof, could have a material adverse impact on the Corporation and cause increases in capital expenditures or costs, or reduction in levels of its medical services.

Competition

There is potential that the Corporation will face intense competition from other companies, some of which can be expected to have more financial resources, industry, manufacturing, and marketing experience than the Corporation. Additionally, there is potential that the industry will undergo consolidation, creating larger companies that may have increased geographic scope and other economies of scale. Increased competition by larger, better-financed competitors with geographic or other structural advantages could materially and adversely affect the business, financial condition and results of operations of the Corporation.

The Corporation operates in competitive markets that can change rapidly and are highly impacted by the actions of other market participants. Aside from government regulations, licensing requirements, and relationships the Corporation has built up with healthcare providers, insurance companies, employers, license holders and patients, there is little to prevent the entrance of new competitors providing similar services to those that are provided by the Corporation. There can be no assurance that the Corporation will be able to compete effectively for referrals from healthcare providers if better capitalized or more experienced competitors enter the market. In addition, new competitors would make it difficult for the Corporation to recruit new healthcare providers.

Dependence upon Key Management Personnel

The success of the Corporation is dependent upon the ability, expertise, judgment, discretion and good faith of its senior management as well as certain consultants (the "Key Personnel"). The Corporation's future success depends on its continuing ability to attract, develop, motivate, and retain the Key Personnel. Qualified individuals for Key Personnel positions are in high demand, and the Corporation may incur significant costs to attract and retain them. The loss of the services of Key Personnel, or an inability to attract other suitably qualified persons when needed, could have a material adverse effect on the Corporation's ability to execute on its business plan and strategy, and the Corporation may be unable to find adequate replacements on a timely basis, or at all. While employment and consulting agreements are customarily used as a primary method of retaining the services of Key Personnel, these agreements cannot assure the continued services of such individuals and consultants.

COVID-19 Pandemic and Other General Risks Related to Catastrophic Events

Catastrophic events in general can have a material impact on the potential continuity of the Corporation's business. The continued spread of COVID-19 globally could adversely affect the Corporation's patient care and clinic operations, as healthcare providers may have heightened exposure to COVID-19 if an outbreak occurs in their geography. The Corporation's ability to provide health care services may be adversely affected or disrupted as a result of changing patient intake patterns and needs as well as reduced availability of physicians and/or support staff. Further, the COVID-19 outbreak could result in adverse effects on the Corporation's business and operations due to prioritization of clinic resources toward the outbreak or if quarantines and/or restrictions (such as travel restrictions) impede physician, staff or patient movement or interrupt healthcare services.

The Corporation relies on third-party service providers to assist them in managing, monitoring and otherwise carrying out aspects of its business and operations, and the outbreak may affect their ability to devote sufficient time and resources to the business. The third-party contract supplier organizations' ability to deliver required medical and other supplies, such as personal protective equipment, on a timely basis, may also be limited or affected materially. Such events may result in a period of business disruption, reduced operations, any of which could materially affect the Corporation's business, financial condition and results of operations. The Corporation's ability to serve patients remotely via telehealth services could be affected by technology vulnerabilities and/or glitches that could impede the ability for physicians and patients to access and/or utilize the software reliably.

The spread of COVID-19, which has caused a broad impact globally, may materially affect the Corporation economically. While the potential economic impact brought by, and the duration of, COVID-19 may be difficult to assess or predict, a widespread pandemic could result in significant disruption of global financial markets, reducing the Corporation's ability to access capital, which could in the future negatively affect liquidity.

The global outbreak of COVID-19 continues to evolve rapidly. The extent to which COVID-19 may impact the Corporation's business, operations and financial performance will depend on future developments, including but not limited to, matters such as (a) the duration and/or severity of the outbreak, (b) government policies, restrictions and requirements as it relates to social distancing, forced quarantines and other requirements, (c) nongovernmental influences or challenges such as the failure of banks and/or (d) any kind of ripple effect caused by the substantial economic damage that can be inflicted on society by a pandemic like COVID-19 such as lawlessness. The ultimate long-term impact of COVID-19 is highly uncertain and cannot be predicted with confidence.

Reliance on Third Parties

The Corporation relies heavily on third parties such as its information technology service provider, LP and medical supply vendors to provide some of its goods and services. If these third parties were unable or unwilling to provide these goods and services in the future due to COVID-19 or other events that cause anomalies in supply or demand of such goods and services, the Corporation would need to obtain such goods or services from other providers if they are available. This could cause the Corporation to incur additional costs or cause material interruptions to its business until these goods and services are replaced if possible.

Development Risks

The future development of the Corporation’s business may not yield expected returns and may strain management resources. Development of the Corporation’s revenue streams is subject to a number of risks, including cost overruns, financing risks, cancellation of key service contracts, and changes in government regulations. Overall costs may significantly exceed that costs that are estimated for a particular development, which could result in reduced returns, or even losses, from such investments.

Litigation

The Corporation may become party to litigation from time to time in the ordinary course which could aversely affect its business. Should any litigation in which the Corporation becomes involved be determined against the Corporation, such decision could adversely affect the Corporation’s ability to continue operating and the value of the Corporation securities and require the Corporation to devote significant resources to such matters.

Unknown Defects and Impairments

A defect in any business arrangement may arise to defeat or impair the claim of the Corporation to such transaction, which may have a material adverse effect on the Corporation. It is possible that material changes could occur that may adversely affect management’s estimate of the recoverable amount for any agreement the Corporation enters into. Impairment estimates, based on applicable key assumptions and sensitivity analysis, will be based on management’s best knowledge of the amounts, events or actions at such time, and the actual future outcomes may differ from any estimates that are provided by the Corporation. Any impairment charges on the Corporation’s carrying value of business arrangements could have a material adverse effect on the Corporation.

Confidentiality of Personal and Health Information

The Corporation and its subsidiaries' employees and consultants have access, in the course of their duties, to personal information of patients of the Corporation and specifically their medical histories. There can be no assurance that the Corporation’s policies, procedures and systems will be sufficient to address the privacy concerns of existing and future patients whether or not such a breach of privacy were to have occurred as a result of the Corporation’s employees or arm’s length third parties. If a patient’s privacy is violated, or if the Corporation is found to have violated any law or regulation, it could be liable for damages or for criminal fines and/or penalties.

Cybersecurity

The Corporation relies on digital and internet technologies to conduct and expand its operations, including reliance on information technology to process, transmit and store sensitive and confidential data, including protected health information, personally identifiable information, and proprietary and confidential business performance data. As a result, the Corporation and/or its patients are exposed to risks related to cybersecurity. Such risks may include unauthorized access, use, or disclosure of sensitive information (including confidential patient health records), corruption or destruction of data, or operational disruption resulting from system impairment (e.g., malware).

Third parties to whom the Corporation outsources certain functions, or with whom their systems interface, are also subject to the risks outlined above and may not have or use appropriate controls to protect confidential information. A breach or attack affecting a third-party service provider or partner could harm the Corporation's business even if the Corporation does not control the service that is attacked. The Corporation's operations depend, in part, on how well it protects networks, equipment, information technology systems and software against damage from a number of threats, including, but not limited to damage to hardware, computer viruses, hacking and theft. The Corporation's operations also depend on the timely maintenance, upgrade and replacement of networks, equipment, information technology systems and software, as well as pre-emptive expenses to mitigate the risks of failures.

A compromise of the Corporation's information technology or confidential information, or that of the Corporation's patients and third parties with whom the Corporation interacts, may result in negative consequences, including the inability to process patient transactions, reputational harm affecting patient and/or investor confidence, potential liability under privacy, security, consumer protection or other applicable laws, regulatory penalties and additional regulatory scrutiny, any of which could have a material adverse effect on the Corporation's business, financial position, results of operations or cash flows. As the Corporation has access to sensitive and confidential information, including personal information and personal health information, and since the Corporation may be vulnerable to material security breaches, theft, misplaced, lost or corrupted data, programming errors, employee errors and/or malfeasance (including misappropriation by departing employees), there is a risk that sensitive and confidential information, including personal information and personal health information, may be disclosed through improper use of the Corporation's systems, software solutions or networks or that there may be unauthorized access, use, disclosure, modification or destruction of such information. The Corporation's on-going risk and exposure to these matters is partially attributable to, among other things, the evolving nature of these threats. As a result, cybersecurity and the continued development and enhancement of controls, processes and practices designed to protect systems, computers, software, data and networks from attack, damage, malfunction, human error, technological error or unauthorized access is a priority. As cyber threats continue to evolve, the Corporation may be required to expend additional resources to continue to modify or enhance protective measures or to investigate and remediate any security vulnerabilities.

Health Impacts on Cannabis Use

There may be unknown health impacts associated with the use of cannabis and cannabis derivative products. There is little in the way of longitudinal studies on the short-term and long-term effects of cannabis use on human health, whether used for recreational or medicinal purposes. As such, there are inherent risks associated with using cannabis and cannabis derivative products. Consumers should never modify cannabis products or cannabis derivative products or add substances to such products as this may result in increased health risks and unpredictable adverse reactions. Previously unknown or unforeseeable adverse reactions arising from human consumption of cannabis products may occur and consumers should consume cannabis at their own risk or in accordance with the direction of a health care practitioner.

Unfavorable Publicity or Consumer Perception

The success of the medical cannabis industry may be significantly influenced by the public's perception of cannabis' medicinal therapies. Medicinal cannabis is a controversial topic, and there is no guarantee that future scientific research, publicity, regulations, medical opinion and public opinion relating to medical marijuana will be favourable. The medical cannabis industry is an early-stage business that is constantly evolving with no guarantee of viability. The market for medical cannabis is uncertain, and any adverse or negative publicity, scientific research, limiting regulations, medical opinion and public opinion relating to use of medical marijuana may have a material adverse effect on the Corporation (and the Corporation's subsidiaries) operational results, consumer base and financial results.

Challenging Global Financial Conditions

Global financial conditions have been characterized by increased volatility, with numerous financial institutions having either gone into bankruptcy or having to be rescued by government authorities. Global financial conditions could suddenly and rapidly destabilize in response to future events, as government authorities may have limited resources to respond to future crises. Global capital markets have continued to display increased volatility in response to global events. Future crises may be precipitated by any number of causes, including natural disasters, geopolitical instability, changes to energy prices or sovereign defaults. Any sudden or rapid destabilization of global economic conditions could negatively impact the ability of the Corporation, or the ability of the operators of the companies in which the Corporation will hold interests, to obtain equity or debt financing or make other suitable arrangements to finance their projects. If increased levels of volatility continue or in the event of a rapid destabilization of global economic conditions, it may result in a material adverse effect on the Corporation and the price of the Corporation's securities could be adversely affected.

Operating Risk and Insurance Coverage

The Corporation maintains insurance to protect its assets, operations and employees. While the Corporation believes its insurance coverage addresses all material risks to which they are exposed and is adequate and customary in its current state of operations, such insurance is subject to coverage limits and exclusions and may not be available for the risks and hazards to which the Corporation may be exposed. The Corporation may also be unable to maintain insurance at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. The Corporation might also become subject to liability for pollution or other hazards which may not be insured against or which the Corporation may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Corporation to incur significant costs that have a material adverse effect upon the Corporation's financial performance and results of operations.

Risks related to the Common Shares

Liquidity

The price of the Common Shares may fluctuate in response to a number of events and factors, including but not limited to: The Corporation's financial condition, financial performance and future prospects; public announcements and the Corporation's filings with the various securities regulatory authorities and changes in general market and economic conditions. There can be no assurance that an active and liquid market will be developed for the Common Shares, and if developed, it may not be sustained, and an investor may find it difficult to resell any securities of the Corporation.

Dilution

The Corporation will acquire additional funds in respect of the further development of its business. If the Corporation raises funds by issuing additional equity securities, such financing will dilute the equity interest of its shareholders.

Any future profits will likely be used for the continued growth of the business and products and will not be used to pay dividends on the issued and outstanding Common Shares.

The Corporation will not pay dividends on the issued and outstanding Common Shares in the foreseeable future. If the Corporation generates any future earnings such cash resources will be retained to finance further growth and current operations. The board of directors of the Corporation (the "Board") will determine if and when dividends should be declared and paid in the future based on the Corporation's financial position and other factors relevant at the particular time. Until the Corporation pays dividends, which it may never do, a shareholder will not be able to receive a return on their investment in the Common Shares unless such Common Shares are sold. In such event, a shareholder may only be able to sell their Common Shares at a price less than the price such shareholder originally paid for them, which could result in a significant loss of such shareholder's investment.

<u>The Common Shares will be subject to various factors that may make the price of the Common Shares volatile</u>

The market price of the Common Shares could fluctuate significantly, in which case it may not be possible to re-sell the Common Shares at or above the price of the Common Shares today. The market price of the Common Shares may fluctuate based on a number of factors in addition to those set out elsewhere herein, including: (i) the COVID-19 pandemic; (ii) the Corporation's operating performance and the performance of the competitors and other similar companies; (iii) the public's reaction to the Corporation's news releases, other public announcements and the Corporation's filing with the various securities regulatory authorities; (iv) changes in earnings estimates or recommendations by research analysts who track the Common Shares or the securities of other companies in the industry that the Corporation operates; (v) changes in the general economic conditions and the overall condition of the financial markets; (vi) the arrival or departure of key personnel; and (vii) acquisition, strategic alliances or joint ventures involving the Corporation or its competitors.

In addition, the market price of the Common Shares will be affected by many variables not directly related to the Corporation's success and not within the Corporation's control, including developments that affect the healthcare industry as a whole, the breadth of the public market for the common Shares, and the attractiveness of alternative investments. In addition, securities markets have experienced an extreme level of price and volume volatility , and the market price of securities of many companies had experienced wide fluctuations which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. As a result of these and other factors, the price of the Common Shares may be volatile in the future and may decline below the price of the Common Shares today. Accordingly, investors may not be able to sell its Common Shares at or above the price of the Common Shares today.

<u>Significant shareholders</u>

The shareholding levels of certain shareholders of the Corporation will give such shareholders significant influence on decisions to be made by shareholders, including the ability to influence the election of directors of the Corporation as well as the approval of future transactions requiring shareholder approval. There is a risk that the interest of the Corporation's significant shareholders will differ from those of other shareholders.

<u>Sale of the Corporation's securities by directors, officers and/or significant shareholders</u>

Subject to compliance with applicable securities laws, directors, officers and/or significant shareholders may sell some or all of their Common Shares in the future. No prediction can be made as to the effect, if any, such future sales of Common Shares by directors, officers and/or significant shareholders will have on the market price of the Common Shares prevailing from time to time. However, the future sale of a substantial number of Common Shares by management shareholders and/or significant shareholders, or the perception that such sales could occur, could adversely affect prevailing market prices for the Common Shares.

The trading market for the Common Shares depends in part on the research and reports that industry or securities analysts publish about the Corporation or the Corporation's business. If the Corporation obtains industry or securities analyst coverage and if one or more of the analysts who cover the Corporation downgrade the Common Shares, the trading price of the Common Shares may decline. If one or more of the analysts cease coverage of the Corporation or fails to publish reports on the Corporation regularly, the Corporation could lose visibility in the financial markets, which in turn could cause the Common Share price or trading volume to decline. Moreover, if the Corporation's results of operations do not meet the expectations of the investor community, or one or more of the analysts who cover the Corporation publishes inaccurate or unfavourable research about the Corporation's business, the trading price of the Common Shares may decline.

Maintaining TSXV listing standards

The Corporation must meet continuing listing standards to maintain the listing of its Common Shares on the TSXV and there is no assurance that it will do so. If the Corporation fails to comply with listing standards, the TSXV delists its Common Shares, the Corporation and its shareholders could face significant material adverse consequences, including significantly reduced liquidity for its Common Shares.

As a public company, the business is subject to evolving corporate governance and public disclosure regulations that may from item to time increase both the Corporation's compliance costs and risk of non-compliance, which could adversely impact the price of Common Shares.

DESCRIPTION OF CAPITAL STRUCTURE

The authorized capital of the Corporation consists of an unlimited number of Common Shares and an unlimited number of preferred shares ("Preferred Shares"). As of the date of this AIF, there are 93,722,085 Common Shares issued, nil Preferred Shares, 15,896,228 warrants ("Warrants") and 5,500,000 stock options ("Stock Options") outstanding.

Pathway Common Shares

The holders of Common Shares are entitled to receive notice of and attend all meetings of the holders of Common Shares and are entitled to one vote in respect of each Common Share held at such meetings. Each holder of Common Shares is entitled to: (a) receive dividends if, as and when declared by the Board; and (b) in the event of dissolution of Pathway, the holders of Common Shares are entitled to share ratably in such assets of Pathway as are distributable to the holders of Common Shares.

Pathway Preferred Shares

The holders of Preferred Shares are entitled to, in priority to the holders of Common Shares and any other shares ranking junior to the Preferred Shares: (a) to be paid ratably with holders of Preferred Shares the amount of accumulated dividends specified as being payable preferentially to such holders; and (b) in the event of any liquidation, dissolution or winding-up of Pathway, to share ratably in such assets of Pathway as are distributable to the holders of Preferred Shares.

Stock Options

The stock option plan of Pathway (the "Stock Option Plan") is administered by the Board. The Stock Option Plan provides that the Board may from time to time, at its discretion, grant to directors, officers, employees, consultants and any other person or entity engaged to provide ongoing services to the Corporation non-transferable options to purchase Common Shares (the "Stock Options"), provided that the number of Common Shares reserved for issuance under the Stock Option Plan shall not exceed 10% of the total issued and outstanding Pathway Common Shares from time to time. The exercise price of options may not be below the market price of Pathway Common Shares at the time of grant (as such term is defined in the policies of the TSXV) of the Common Shares or the closing price of the Common Shares on the TSX (or such other principal stock exchange on which the Common Shares may then trade) on the last trading date immediately prior to the date of grant, or such other price as may be determined under the applicable rules and regulations of all regulatory authorities to which the Corporation may be subject, including the TSXV or the TSX or such other stock exchange as the Common Shares may be listed for trading, provided that if the Common Shares are not then listed and posted for trading on the TSXV or TSX or any other principal stock exchange the exercise price shall be determined by the Corporation's Board in its sole discretion acting reasonably and in good faith.

Further details regarding the Stock Option Plan are set forth below:

(a) no single individual will be granted Stock Options to purchase a number of Common Shares equalling more than 5% of the issued Common Shares in any 12 month period unless Pathway has obtained disinterested shareholder approval in respect of such grant and meets applicable Exchange requirements;

(b) the maximum number of securities of the Corporation issuable to Insiders at any time pursuant to all Security Based Compensation Arrangements (as such term is defined in the policies of the TSXV) shall not exceed 10% of the number of Outstanding Securities;

(c) if the Common Shares are listed on the TSXV, the aggregate number of Common Shares reserved for issuance to any one Consultant or any persons who provide Investor Relations Activities (as such term is defined in the policies of the TSXV) in a 12 month period shall not exceed 2% of the number of Outstanding Securities;

(d) Stock Options granted to consultants performing investor relations activities will contain vesting provisions such that vesting occurs over at least 12 months with no more than ¼ of the options vesting in any 3 month period; and

(e) Stock Options may not be exercised later than 90 days following the date the optionee ceases to be a director, officer or employee of the Corporation.

A complete summary of the Stock Option Plan is available in the management information circular of the Corporation dated March 5, 2021 which is available on SEDAR at www.sedar.com.

As of the date hereof, there are outstanding: (a) options to purchase 5,500,000 Common Shares with a weighted average price of $0.50 and a weighted average contractual life of 4.2 years.

The following table sets forth all Stock Options that were issued and outstanding as of the date of this AIF:

Number of Stock Options Outstanding	**Exercise Price**	**Expiry Date**
200,000	$ 0.50	December 28, 2024
4,200,000	$ 0.50	June 09, 2026
1,100,000	$ 0.50	December 28, 2026
5,500,000		

Warrants

On March 16, 2021, Old Pathway completed a private placement of 27,600,000 Subscription Receipts at a price of $0.50 per Subscription Receipt for aggregate gross proceeds of $13,800,000. The gross proceeds from the private placement, less a portion of the fees and expenses of the agents were delivered to the transfer agent. The Escrowed Funds were held by the transfer agent until the waiver and/or satisfaction of certain escrow release conditions, including, but not limited to, the completion, satisfaction or waiver of all conditions precedent to the Qualifying Transaction, the receipt of all shareholder and regulatory approvals required for the Qualifying Transaction and other customary escrow conditions. These conditions were met on May 31, 2021 and the Escrowed Funds were transferred to Old Pathway.

Each Subscription Receipt was automatically exchanged, without payment of any additional consideration, for Units of Pathway, each Unit was comprised of one common share and one-half of a common share purchase warrant. The securities comprising the Units were, in accordance with the Share Exchange Agreement, subsequently exchanged for one Common Share and one common share purchase warrant of the Corporation.

A total of 13,800,000 Warrants were issued to Unit holders as part of the transaction. In addition, 2,096,228 non-transferable Broker Warrants equal to 8% of the Subscription Receipts sold (other than proceeds raised from President's List subscribers, for which the agents were issued Broker Warrants equal to 2% of the gross proceeds) were issued. Each Warrant entitles the holder thereof to purchase one additional Common Share at an exercise price of $0.75 at any time up 24 months from issuance.

As of the date hereof, there are outstanding: (a) Warrants to purchase 15,896,228 Common Shares with a weighted average price of $0.75 and a weighted average contractual life of 1.1 years.

Fully Diluted Share Capital

The number of issued and outstanding Common Shares, Stock Options and Warrants on a fully converted basis as at the date of this AIF is as follows:

Type of Security	Number of Common Share equivalents
Common Shares	93,722,085
Stock Options	5,500,000
Warrants	15,896,228
Deferred acquisition cost	190,806
Fully Diluted Common Shares as at April 26, 2022	115,309,119

DIVIDENDS AND DISTRIBUTIONS

The declaration and payment of dividends on the Common Shares is at the discretion of the Board. It is the Baord's present policy to retain its earnings to finance growth, fund future development projects and expand its operations. As such, it does not anticipate paying any dividends in the foreseeable future.

Any declaration and payment of dividends by the Corporation will be dependent upon the Corporation's consolidated results, financial position, cash requirements, future prospects, profits available for distribution and other factors regarded by the directors on the Board as relevant at the time.

The Corporation has not declared or paid any dividends since the Qualifying Transaction to the date herof.

MARKET FOR SECURITIES

The Common Shares are listed for trading on the TSXV under the symbol "PHC". Prior to the completion of the Qualifying Transaction, the Common Shares were listed on the TSXV under the trading symbol "COLS.P". The Common Shares commencing trading on the TSXV under the symbol "PHC" on June 17, 2021.

The following table sets out the reported intraday high and low prices and the trading volume for the Common Shares on the TSXV information relating to the trading of the Common Shares during the year ended December 31, 2020.

	TSXV Price Range ($)		
Month	**High**	**Low**	**Total Volume**
January 2021(1)	0.2793	0.2793	-
February 2021(1)	0.2793	0.2793	-
March 2021(1)	0.2793	0.2793	-
April 2021(1)	0.2793	0.2793	-
May 2021(1)	0.2793	0.2793	-
June 2021(2)	0.55	0.32	743,618
July 2021(2)	0.47	0.27	1,054,074
August 2021(2)	0.355	0.25	569,879
September 2021(2)	0.40	0.315	2,059,497

October 2021(2)	0.33	0.24	421,764
November 2021(2)	0.25	0.185	2,297,709
December 2021(2)	0.41	0.18	2,421,867

Notes:

(1) Reflects the trading values of COLS.P prior to the qualifying transaction

(2) Reflects the trading values of PHC which commenced trading on June 17, 2021 on the TSXV.

On December 17, 2021, Pathway commenced trading of its Common Shares on the Frankfurt Stock Exchange under the symbol “KL1”. For the December 2021 month there was no volume traded.

Prior Sales

During 2021, the Corporation issued the following securities:

Security	Date of Issue/Grant	Issue/Exercise Price per Security	Number of Securities
Common Shares	January 18, 2021	$ 0.50	51,638,710
	March 16, 2021	$ 0.50	150,000
	May 31, 2021	$ 0.50	10,864,108
	May 31, 2021(1)	$ 0.50	27,600,000
	May 31, 2021	$ 0.50	2,856,171
	September 7, 2021	$ 0.33	300,000
	November 4, 2021	$ 0.24	238,095
Warrants	May 31, 2021(1)	$ 0.75	13,800,000
	May 31, 2021	$ 0.50	2,096,228
Stock Options	June 09, 2021	$ 0.50	4,200,000
	December 28, 2021	$ 0.50	1,300,000

Notes:

1) As part of the private placement that closed on March 16, 2021, the Corporation issued 27,600,000 Units at $0.50 per Unit, which consisted of one Common Share and one-half of a Common Share purchase warrant with an exercise price of $0.75 per warrant.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

The following table summarizes details of each class of securities that is subject to escrow as of the date of this AIF.

Class of Securities	Number of Securities Held in Escrow(1)	Percentage of Class
Common Shares	39,579,530	42%
Warrants	142,500	1%

Notes:

The escrow securities have been placed in escrow pursuant to the policies of the TSXV and will be released in accordance with the terms and conditions of the CPC seed escrow agreement among Colson, CST Trust Company of Canada and the common shareholders of Colson dated June 9, 2017 (the “CPC Seed Escrow Agreement”) and the Value Security Escrow Agreement (as defined below), respectively.

Pursuant to the CPC Seed Escrow Agreement, the common shares held in escrow (the “CPC Escrow Shares”) are held in escrow by TSX Trust Company. The CPC Seed Escrow Agreement, as amended, provides that the CPC Escrow Shares shall not be sold, assigned, hypothecated, transferred within escrow or otherwise dealt with in any manner without the written consent of the TSXV. Under the CPC Seed Escrow Agreement, 25% of the CPC Escrow Shares were released from escrow on the issuance of the Final Exchange Bulletin (the “Initial Release”) received on June 15, 2021 and an additional 25% will be released on the dates 6 months, 12 months, and 18 months following the Initial Release.

Pursuant to the policies of the TSXV, and in addition to the CPC Escrow Shares, Common Shares issued as part of the Qualifying Transaction (“Resulting Issuer Escrow Shares”) received by certain shareholders who: (i) are “Principals” of the Resulting Issuer; (ii) will hold Resulting Issuer Shares considered to be “value escrow securities” by the policies of the TSXV; or (iii) are other parties, identified by the TSXV, will be subject to escrow conditions prescribed by the TSXV pursuant to the terms of the agreement entered into among the Resulting Issuer, the holders of Resulting Issuer Escrow Shares and the Transfer Agent, as escrow agent (the “Value Security Escrow Agreement”).

The Value Security Escrow Agreement will provide for a three year escrow release mechanism with 10% of the Resulting Issuer Escrow Shares being releasable at the time of the Final Exchange Bulletin, and 15% of the Resulting Issuer Escrowed Shares being releasable every 6 months thereafter until the date which is 36 months after the Final Exchange Bulletin. The Resulting Issuer Escrowed Shares may not be transferred within escrow without the approval of the TSXV for release or transfer other than in specified circumstances set out in the Value Security Escrow Agreement.

DIRECTORS AND OFFICERS

Name, Occupation and Security Holding

The following are the names and municipalities of residence of each director and executive officer of the Corporation, the positions and offices to be held with the Corporation, their respective principal occupations within the five preceding years and the number and percentage of Common Shares which are held by each of them.

Name and Municipality of Residence	Principal Occupations for the Previous Five Years	Positions and Offices held in the Corporation	Director/ Officer Since	Number of Common Shares held	Percentage of Common Shares
Ken Yoon North York, ON	Chief Executive Officer of Pathway (2021-present) Acting CFO of Cura-Can Health Corp. and TCNC (2019 – 2021) Chief Financial Officer of Acerus Pharmaceuticals Corporation (2017 – 2018) Chief Financial Officer and VP of Corporate Development of Vive Crop Protection Inc. (2007 – 2017)	Chief Executive Officer and Corporate Secretary; Director	May 31, 2021	75,000[(2)]	0.08%

Name and Municipality of Residence	Principal Occupations for the Previous Five Years	Positions and Offices held in the Corporation	Director/ Officer Since	Number of Common Shares held	Percentage of Common Shares
Aura Balboa Mississauga, ON	Chief Financial Officer of Pathway (2020-present) Director of Finance, and previously Finance Manager of Acerus Pharmaceuticals Corporation (2012 – 2017, 2019-2020) Controller of Ironshore Pharmaceuticals Inc. (2017)	Chief Financial Officer	December 1, 2020	55,000	0.06%
Wayne Cockburn Mississauga, ON	President of Pathway (2021-present) Chief Executive Officer of Agility Health Inc. (2016 – 2019)	President	May 31, 2021	270,000[(3)(4)]	0.29%
Kim Wei Mississauga, ON	Chief Commercial Officer of Pathway (2021-present) Chief Strategy Officer, and previously Chief Operating Officer of The Clinic Network Canada Inc. (2016 – 2021)	Chief Commercial Officer	May 31, 2021	200,000[(5)]	0.21%
Michael Steele[(1)] Caledon Village, ON	Director of Pathway (2020 - present) Chief Executive Officer of Cura-Can Health Corp. and TCNC (2019 – present) President of Avonlea Ventures Inc. (1988 – present)	Chairman; Director	September 18, 2020	Nil	0%
Alison Wright[(1)] Mississauga, ON	Director of Pathway (2021 - present) President of Alwright Investments Inc. (2012 – present)	Director	May 31, 2021	Nil	0%
Kenneth Howling[(1)] Toronto, ON	Director of Pathway (2021 - present) President of Pinnacle Financial Corp. (2015 – present)	Director	May 31, 2021	69,204[(6)]	0.07%

Name and Municipality of Residence	Principal Occupations for the Previous Five Years	Positions and Offices held in the Corporation	Director/ Officer Since	Number of Common Shares held	Percentage of Common Shares
Pram Sandhu Toronto, ON	VP Strategic Initiatives and Regulatory Affairs (2022 – present) VP, Pharmacy Programs and Regulatory Affairs of Pathway (2021-2022) VP Medical Affairs and Partner Relations of The Clinic Network Canada Inc. (2020 – 2021) Clinical Pharmacist with Trillium Health Partners (2020 – present) VP Medical Operations and Business Optimization of Meta Growth Corp. (2018 – 2020) Director of Clinical Education with Solace Health (2017 – 2018)	VP Strategic Initiatives and Regulatory Affairs	May 31, 2021	13,904[(8)]	0.01%

Notes:

(1) Member of the Audit Committee.

(2) 50,000 Common Shares and 25,000 Warrants indirectly owned or controlled through VectorGlobal IAG Canada ULC.

(3) 100,000 Common Shares and 50,000 Warrants indirectly owned or controlled through VectorGlobal IAG Canada ULC.

(4) 70,000 Common Shares issuable upon the conversion of $25,000 of convertible debenture of Pathway (including interest accrued to May 31, 2021) held directly and 13,867 Common Shares issued on the conversion of $5,200 of convertible debenture of Pathway (including the interest accrued to May 31, 2021) held by spouse.

(5) 50,000 Common Shares and 25,000 Warrants held directly and 150,000 Common Shares and 75,000 Warrants held by spouse.

(6) Reflects the number of Common Shares issued on the conversion of $25,000 of convertible debenture of Pathway (including interest accrued to May 31, 2021).

(7) Reflects the number of Common Shares issued on the conversion of $15,000 of convertible debenture of Pathway (including interest accrued to May 31, 2021).

(8) Reflects the number Common Shares issued on the conversion of $5,000 of convertible debenture of Pathway (including interest accrued to May 31, 2021).

All directors of the Corporation will hold office until the next annual general meeting of the Resulting Issuer unless they resign prior thereto or are removed by the shareholders of the Corporation in accordance with applicable law.

The directors and officers of the Pathway as a group will own, directly or indirectly, or exercise control or direction over, 52,321,819 Common Shares (representing 55.8% of all of the issued and outstanding Common Shares on a non-diluted basis). This total includes the Common Shares held indirectly by Cura-Can through TCNC (51,638,710 common shares).

Cease Trade Orders, Bankruptcies, Penalties or Sanctions and Conflicts of Interest

Other than as disclosed below, no director, officer or promoter of Pathway:

(a) is, as at the date of this AIF, or has been, within 10 years before the date of this AIF, a director, chief executive officer or chief financial officer of any company that:

(i) was subject to a cease trade order, or similar order, or an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days (each, an "Order"), that was issued while the director was acting in the capacity as director, chief executive officer or chief financial officer; or

(ii) was subject to an Order that was issued after the director ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer; or

(b) is, as at the date of this AIF, or has been within 10 years before the date of this AIF, a director or executive officer of any company, that while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(c) has, within the 10 years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or become subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

On May 1, 2018, the Ontario Securities Commission issued an MCTO against Mr. Cockburn in his capacity as Interim Chief Executive Officer of Agility Health Inc. ("Agility"). The MCTO was issued in connection with the late filing of Agility's audited annual financial statements, management's discussion and analysis and related officer certifications for the year ended December 31, 2017, which were required to be filed on April 30, 2018. The filing defaults were remedied on June 29, 2018 and the MCTO expired on July 4, 2018.

On December 3, 2018, four of Agility's operating subsidiaries, Ontario Orthotic Lab Inc. ("OOLab"), Premier Footworks Inc. ("Premier"), Veba Sock Company Inc. and Medic Holdings Corp. each filed a Notice of Intention to make a Proposal ("NOI Proceedings") pursuant to the *Bankruptcy and Insolvency Act*. At the time, Mr. Howling was a director of Agility and Mr. Cockburn was a director and Interim Chief Executive Officer. On December 13, 2018, a receivership order was issued in respect of OOLab and Premier and an order was issued terminating the NOI Proceedings. Agility's shares were halted from trading on the Exchange on December 13, 2018. Agility had no business or operations at this time. As a result, Agility was advised by the Exchange on January 17, 2019 that its shares would be transferred to NEX when they resumed trading. The shares began trading on NEX on or about February 7, 2019. On May 6, 2019, the OSC issued a cease trade order in connection with the late filing of Agility's audited annual financial statements, management's discussion and analysis and related officer certifications for the year ended December 31, 2018, which were required to be filed on April 30, 2019. To date, Agility's securities have remained subject to the cease trade order. Mr. Howling resigned as director of Agility and Mr. Cockburn resigned from his positions as Interim Chief Executive Officer and director of Agility on November 4, 2020.

To the knowledge of the Corporation, none of the directors have been subject to a penalty or sanction imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or any other penalty or sanction imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

To the knowledge of the Corporation, no director or senior officer of the Corporation has any existing or potential material conflict of interest with the company or any of its subsidiaries.

Conflicts Of Interest

Certain directors, officers and promoters of Pathway are associated with other reporting issuers or other corporations that may give rise to conflicts of interest. Please see "*Other Reporting Issuers*" below. In accordance with the ABCA, directors or officers of the Corporation who have a material interest in a material contract or a proposed material contract with the Corporation are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract. In addition, the directors are required to act honestly and in good faith with a view to the best interests of the Corporation.

Some of the directors and officers of the Corporation have or will have either other employment or other business or time restrictions placed on them and, accordingly, these directors and officers of the Corporation will only be able to devote part of their time to the affairs of the Corporation.

Other Reporting Issuers

The following table sets out information for the directors, officers and promoters of the Corporation that are, or have been within the five years prior to the date hereof, directors, officers or promoters of other reporting issuers.

Name	Name and Jurisdiction of Reporting Issuer	Name of Trading Market	Position	From	To
Aura Balboa	Acerus Pharmaceuticals Corporation	TSX	Officer Director of Finance	July 2016	May 2017
Kenneth Howling	Agility Health Inc.	NEX	Director	June 2018	November 2020
Michael Steele	Viridium Pacific Group Ltd.	TSXV	Director	March 2016	September 2018
Wayne Cockburn	Agility Health Inc.	NEX	CEO	August 2016	November 2020
Ken Yoon	Acerus Pharmaceuticals Corporation	TSX	Chief Financial Officer	June 2017	October 2018

PROMOTERS

No persons or company has been a promoter of the Corporation or a subsidiary of the Corporation within the two most recently completed financial years.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

There are no material legal proceedings or regulatory actions to which the Corporation or subsidiary of the Corporation is a party or of which any of their respective property is the subject matter and no such legal proceedings or regulatory action known to the Corporation are contemplated.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

TCNC is an Insider of Pathway by virtue of holding more than 10% of the issued and outstanding Common Shares. Other than as disclosed below, there are no additional Insiders, Promoters or Control Persons and no Associates and Affiliates thereof:

Insider, Promoter or Control Person (including Associates and Affiliates)	Position	Number and Percentage of Common Shares
TCNC(1)(2)(3)	Control Person	51,638,710 55%

Notes:

(1) TCNC is a wholly-owned subsidiary of Cura-Can.

(2) Avonlea-Drewry Holdings Inc., a company of which Mr. Michael Steele (a director of the Corporation) is a director and officer, owns or controls, 10,456,168 Class A shares of Cura-Can representing 40.1% of the issued and outstanding shares of Cura-Can.

(3) Mr. Kim Wei, a NEO of the Corporation, owns or controls, directly or indirectly, 2,649,641 Class A shares of Cura-Can representing 10.2% of the issued and outstanding shares of Cura-Can.

INTEREST OF EXPERTS

Since the completion of the Qualifying Transaction in May 2021, the Corporation has retained Grant Thornton LLP as its external auditor. Grant Thornton LLP is independent with respect to the Corporation in accordance with the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario.

No director, officer or employee of Grant Thornton LLP, is or is expected to be elected, appointed or employed as a director, officer or employee of the Corporation or any associate or affiliate of the Corporation.

TRANSFER AGENT

TSX Trust Company, at its principal office in Toronto, Ontario, is the transfer agent and registrar for the Common Shares of the Corporation.

INVESTOR RELATIONS ARRANGEMENTS

The Howard Group Inc.

On February 1, 2021, Pathway entered into a letter of agreement with The Howard Group Inc. ("**Howard**") for the provision of marketing communications and advisory services, focused on expanding the Corporation's investor audience and online media management. Howard will receive fees in the amount of $8,000 per month for a one year term. Pathway did not renew the agreement.

Howard does not currently have any interest, directly or indirectly, in the Corporation or its securities, or any right or intent to acquire such an interest.

MATERIAL CONTRACTS

The following are the material contracts of the Corporation that are in effect other than certain agreements entered into in the ordinary course of business. Summaries of each of the material contracts can be found in "*General Development of the Business".* The summaries are subject to and qualified in their entirety by reference to the material contract, copies of which have been filed with the Canadian securities regulatory authorities and are available on SEDAR at www.sedar.com under the Corporation's profile. Investors are encouraged to read the full text of such material agreements.

(a) Asset and Share Purchase Agreement;

(b) the agency agreement in connection with the offering of subscription receipts among Pathway, Canaccord Genuity Corp. ("Canaccord"), iA Private Wealth Inc., Leede Jones Gable Inc., dated March 16, 2021;

(c) the subscription receipt agreement among Pathway, AST Trust Company (Canada) and Canaccord dated March 16, 2021;

(d) the Bridge Notes;

(e) letter of agreement dated February 1, 2021 between Howard and Pathway; and

(f) the Share Exchange Agreement.

AUDIT COMMITTEE INFORMATION

The Audit Committee's Charter

The full text of the Corporation's Audit Committee Charter is appended hereto as Appendix "A".

Composition of the Audit Committee and Relevant Education and Experience

The Board has established an audit committee comprised of three Directors (the "Audit Committee"). The Audit Committee is chaired by Kenneth Howling and the other committee members are Michael Steele and Alison Wright. All of the Audit Committee members are independent of management of the Corporation as required by National Instrument 52-1100 – *Audit committees* and each member is financially literate in that each has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.

Relevant Education and Experience

Kenneth Howling - Mr. Howling has over 25 years of healthcare industry experience in senior financial positions; including 11 years with Bausch Health (formerly Biovail Corporation), as Chief Financial Officer, and Senior Vice President, Finance and Corporate Affairs; five years as Chief Financial Officer of Acerus Pharmaceuticals Corporation; and five years as Chief Financial Officer with Pharma Patch PLC. During his career, Mr. Howling has contributed to the success of multiple start-up companies and has taken multiple companies through the IPO process. Earlier in his career, Mr. Howling worked in senior financial management positions at Roberts Company Canada Limited, including roles of General Manager, Corporate Secretary and Controller, at GlaxoSmithKline (formerly Beecham Pharmaceuticals Ltd), and as an auditor with PricewaterhouseCoopers. Mr. Howling is a graduate of the ICD/Rotman Director Program and formerly a Certified Public Accountant (inactive license).

Michael Steele - Mr. Steele is an engineer and financier with over 30 years of experience in structured investments and new business start-ups. His company, Avonlea Holdings provides consulting, restructuring, finance and operational advice. Mr. Steele has provided consulting services to various industry sectors including real estate, mining, oil and gas, and recently the Canadian medical marijuana sector. Since 2013, Mr. Steele has consulted to or provided financing to various companies in the Canadian medical cannabis industry including Canadian Cannabis Corp (OTC:CCAN), CURA-CANN Medical Corp, Maricann Group Inc. (CSE:MARI), and The Hydroapothecary Corporation. Mr. Steele was a previous director of Barkerville Gold Corp. (TSXV:BGM). Mr. Steele graduated from the University of Waterloo with a P.Eng (BASc) in civil engineering and received his MBA in 1981.

Alison Wright - Ms. Wright has over 20 years of management experience in the construction and property management industries. Ms. Wright was a director at Capform Inc., a full service concrete contractor based in Dallas, Texas, with projects throughout the southern United States. Currently, Ms. Wright is the President of Alwright Investments Inc., a Canadian property Management an investment company she founded in 2012. Ms. Wright has served as a director on several boards of private companies in both Canada and the United States. Ms. Wright graduated from the University of Toronto in 1991 and holds a Bachelor of Science.

Audit Committee Oversight

The mandate of the Audit Committee is to assist the Corporation in fulfilling its oversight responsibilities relating to financial accounting, reporting and internal controls for the Corporation. The Audit Committee is responsible for: conducting reviews and discussions with management and the external auditors relating to the audit and financial reporting; assessing the integrity of internal controls and financial reporting procedures; ensuring implementation of internal controls and procedures; reviewing the quarterly and annual financial statements and management's discussion and analysis of the Corporation; selecting and monitoring the independence, performance and remuneration of the external auditors; oversight of all disclosure relating to financial information. The Audit Committee is responsible for reviewing and following the procedures established in the Corporation's codes, policies and guidelines as may be established from time to time.

Pre-Approval Policies and Procedures

The Audit Committee is authorized by the Board to review the performance of the Corporation's external auditors and approve in advance the provision of services by them other than auditing and to consider the independence of the external auditors, including reviewing the range of services provided. The Audit Committee may delegate to any independent member of the Audit committee the authority to pre-approve any non-audit services.

External Auditor Service Fees

A summary of the external auditor service fees and billings paid to the Corporation's external auditors in respect of the last two fiscal years ended December 31, 2021 is set out below:

Fiscal Year	Audit Fees	Audit Related Fees	Tax Fees(1)	All Other Fees (2)	Total
2021	267,506	99,937	8,217	6,734	382,394
2020	168,284	-	39,865	-	208,149

(1) The amounts shown are comprised of the fees charged by the Corporation's external auditors in connection with certain tax compliance services

(2) The amounts shown are comprised of the fees charged by the Corporation's external auditors in connection with consulting work.

ADDITIONAL INFORMATION

Additional information about the Corporation may be found under the Corporation's profile on SEDAR at www.sedar.com. Additional information may also be found in the Corporation's audited financial statements and related management's discussion and analysis for the year ended December 31, 2021.

APPENDIX A

PATHWAY HEALTH CORP.
(the "Corporation")

AUDIT COMMITTEE CHARTER

1. Policy Statement

It is the policy of the Corporation to establish and maintain an Audit Committee (the "Committee") to assist the directors (individually a "Director" and collectively the "Board") of the Corporation in carrying out the Board's oversight responsibility for the accounting, internal controls, financial reporting, audits of financial statements and risk management processes of the Corporation.

The Committee shall be provided with resources commensurate with the duties and responsibilities assigned to it by the Board including appropriate administrative support. Without limiting the generality of the foregoing, the Corporation shall provide for appropriate funding, as determined by the Committee in its capacity as a committee of the Board, for payment of: (b) compensation to any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for Corporation; (c) compensation to any advisers engaged by the Committee under section c)(ii) of this charter; and (d) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.

If determined appropriate by the Committee, it shall have the discretion to institute investigations of improprieties, or suspected improprieties within the scope of its responsibilities, including the standing authority to retain special counsel or other experts. The Committee shall have unrestricted access to the Corporation's external auditors, is authorized to seek any information that it requires from any employee and all employees are directed to co-operate with any request made by the Committee.

2. Composition of Committee

a) The Committee shall be established by a resolution of the Board. The Committee shall consist of a minimum of three (3) Directors. The Board shall appoint the members of the Committee and may seek the advice and assistance of the Compensation, Nominating and Governance Committee in identifying qualified candidates. The Board shall appoint one member of the Committee to be the chair of the Committee (the "Chair").

b) A majority of the members of the Committee shall be Directors who are independent within the meaning of National Instrument 52-110 – Audit Committees ("NI 52-110"), and the rules of any stock exchange or market on which the Corporation's shares are listed or posted for trading (collectively, "Applicable Governance Rules") and the chair of the Committee shall be independent. In this charter, the term "independent" includes the meanings given to similar terms by Applicable Governance Rules, including the terms "non-executive", "outside" and "unrelated" to the extent such terms are applicable under Applicable Governance Rules.

c) All members of the Committee must be able to read and understand fundamental financial statements (including a balance sheet, income statement and cash flow statement) and read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and level of complexity of the issues that can reasonably be expected to be raised by the Corporation's financial statements.

d) A Director appointed by the Board to the Committee shall be a member of the Committee until replaced by the Board or until his or her resignation.

3. Meetings of the Committee

a) The Committee shall convene a minimum of four times each year at such times and places as may be determined by the Chair of the Committee, and whenever a meeting is requested by the Board, a member of the Committee, the auditors or senior management of the Corporation. Scheduled meetings of the Committee shall correspond with the review of the quarterly and year-end financial statements and management discussion and analysis.

b) Notice of each meeting of the Committee shall be given to each member of the Committee.

c) Notice of a meeting of the Committee shall:

   (i) be in writing, which includes electronic communication facilities;

   (ii) state the nature of the business to be transacted at the meeting in reasonable detail;

   (iii) to the extent practicable, be accompanied by a copy of any documentation to be considered at the meeting; and

   (iv) be given at least two business days prior to the time stipulated for the meeting or such shorter period as the members of the Committee may permit.

d) A quorum for the transaction of business at a meeting of the Committee shall consist of a majority of the members of the Committee. However, it shall be the practice of the Committee to require review, and, if necessary, approval of important matters by all members of the Committee.

e) A member or members of the Committee may participate in a meeting of the Committee by means of such telephonic, electronic or other communication facilities as permits all persons participating in the meeting to communicate with each other. A member participating in such a meeting by any such means is deemed to be present at the meeting.

f) In the absence of the Chair of the Committee, the members of the Committee shall choose one of the members present to chair the meeting. In addition, the members of the Committee shall choose one of the persons present to be the secretary of the meeting.

g) The Committee may invite such persons to attend meetings of the Committee as the Committee considers appropriate, except to the extent exclusion of certain persons is required pursuant to this charter or by applicable laws.

h) The Committee may invite the external auditors to be present at any meeting of the Committee and to comment on any financial statements, or on any of the financial aspects, of the Corporation.

i) The Committee (i) shall meet with the external auditors separately from individuals other than the Committee and (ii) may meet separately with management of the Corporation.

j) Minutes shall be kept of all meetings of the Committee and shall be signed by the chair and the secretary of the meeting. The Chair of the Committee shall circulate the minutes of the meetings of the Committee to all members of the Board.

4. Duties and Responsibilities of the Committee

a) The Committee, in its capacity as a committee of the Board, is directly responsible for recommending to the Board the public accounting firm to be nominated for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation (the “external auditor”) as well as the compensation of the external auditor. The Committee shall also be directly responsible for the oversight of the work of the external auditor (including resolution of disagreements between management and the auditor regarding financial reporting), and each such external auditor must report directly to the Committee.

b) The other primary duties and responsibilities of the Committee are to:

   (i) identify and monitor the management of the principal risks that could impact the financial reporting of the Corporation;

   (ii) monitor the integrity of the Corporation’s financial reporting process and system of internal controls regarding financial reporting and accounting compliance;

   (iii) monitor the independence, objectivity and performance of the external auditors, including, without limitation: (A) ensuring the Committee’s receipt from the external auditors at least annually of a formal written statement delineating all relationships between the external auditors and the Corporation; (B) actively engaging in dialogue with the external auditors with respect to any disclosed relationships or services that may impact the objectivity and independence of the external auditor; and (C) taking, or recommending that the Board take, appropriate action to oversee the independence of the external auditors;

   (iv) evaluate the performance of the external auditors at least annually;

   (v) deal directly with the external auditors to approve external audit plans, other services (if any) and fees;

   (vi) directly oversee the external audit process and results (in addition to items described in subsection e) below);

   (vii) provide an avenue of communication between the external auditors, management and the Board;

   (viii) review annually with management of the Corporation the anti-fraud, anti-bribery, anti-corruption and risk assessment programs of the Corporation;

   (ix) carry out a review designed to ensure that an effective “whistle blowing” procedure exists to permit stakeholders to express any concerns regarding accounting or financial matters to an appropriately independent individual; and

   (x) oversee all pension and retirement benefit plans if and when established.

c) The Committee shall have the authority to:

   (i) inspect any and all of the books and records of the Corporation and its subsidiaries;

   (ii) discuss with the management of the Corporation and its subsidiaries, any affected party and the external auditors, such accounts, records and other matters as any member of the Committee considers appropriate;

(iii) engage independent counsel and other advisors as it determines necessary to carry out its duties; and

(iv) set and pay the compensation for any advisors engaged by the Committee.

Relationship with the Board

d) The Committee shall, at the earliest opportunity after each meeting, report to the Board the results of its activities and any reviews undertaken and make recommendations to the Board as considered appropriate.

Relationship with External Auditors

e) The Committee shall:

(i) review the audit plan with the external auditors and with management;

(ii) review with the external auditors the critical accounting policies and practices used by the Corporation, all alternative treatments of financial information within international financial reporting standards ("IFRS") that the external auditors have discussed with management, the ramifications of the use of such alternative disclosures and treatments and the treatment preferred by the external auditors;

(iii) discuss with management and the external auditors any proposed changes in major accounting policies or principles, the presentation and impact of material risks and uncertainties and key estimates and judgments of management that may be material to financial reporting;

(iv) review with management and with the external auditors material financial reporting issues arising during the most recent financial period and the resolution or proposed resolution of such issues;

(v) review any problems experienced or concerns expressed by the external auditors in performing any audit, including any restrictions imposed by management or any material accounting issues on which there was a disagreement with management;

(vi) review with the external auditors any accounting adjustments that were noted or proposed by the independent auditor but that were "passed" (as immaterial or otherwise), any communications between the audit team and the external auditor's national office respecting auditing or accounting issues presented by the engagement, any "management" or "internal control" letter or schedule of unadjusted differences issued, or proposed to be issued, by the external auditors to the Corporation, or any other material written communication provided by the external auditors to the Corporation's management;

(vii) review with senior management the process of identifying, monitoring and reporting the principal risks affecting financial reporting;

(viii) review and discuss with management and the external auditors any off-balance sheet transactions or structures and their effect on the Corporation's financial results and operations, as well as the disclosure regarding such transactions and structures in the Corporation's public filings;

(ix) review the audited annual financial statements (including management discussion and analysis) and related documents in conjunction with the report of the external auditors and obtain an explanation from management of all material variances between comparative reporting periods;

(x) consider and review with management, the internal control memorandum or management letter containing the recommendations of the external auditors and management's response, if any, including an evaluation of the adequacy and effectiveness of the internal financial controls and procedures for financial reporting of the Corporation and subsequent follow-up to any identified weaknesses;

(xi) review with financial management and the external auditors the quarterly unaudited financial statements and management discussion and analysis before release to the public;

(xii) periodically meet separately with management and the external auditors;

(xiii) oversee the financial affairs of the Corporation and its subsidiaries, and, if deemed appropriate, make recommendations to the Board, external auditors or management;

(xiv) discuss with management and the external auditors any correspondence with regulatory or governmental agencies that raise material issues regarding the Corporation's financial statements or accounting policies;

(xv) consider the recommendations of management in respect of the appointment and terms of engagement of the external auditor;

(xvi) pre-approve all audit and non-audit services to be provided to the Corporation or its subsidiaries by its external auditors, or the external auditors of subsidiaries of the Corporation, subject to the overriding principle that the external auditors not be permitted to be retained by the Corporation to perform internal audit outsourcing services or financial information systems services; provided that notwithstanding the above, the foregoing pre-approval of non-audit services may be delegated to a member of the Committee, with any decisions of the member with the delegated authority reporting to the Committee at the next scheduled meeting;

(xvii) approve the engagement letter for non-audit services to be provided by the external auditors or affiliates thereof together with estimated fees, and consider the potential impact of such services on the independence of the external auditors;

(xviii) when there is to be a change of external auditors, review all issues and provide documentation related to the change, including the information to be included in the notice of change of auditors and documentation required pursuant to the then current legislation, rules, policies and instruments of applicable regulatory authorities and the planned steps for an orderly transition period; and

(xix) review all reportable events, including disagreements, unresolved issues and consultations, as defined by applicable laws, on a routine basis, whether or not there is to be a change of the external auditors.

f) In connection with the public disclosure of financial information and other public disclosure, the Committee shall:

(i) review the Corporation's financial statements, MD&A and annual and interim profit or loss press releases before the Corporation publicly discloses this information;

(ii) review with management its evaluation of the Corporation’s procedures and controls designed to assure that information required to be disclosed in the Corporation’s periodic public reports is recorded, processed, summarized and reported in such reports within the time periods specified by applicable securities laws for the filing of such reports (“Disclosure Controls”), and consider whether any changes are appropriate in light of management’s evaluation of the effectiveness of such Disclosure Controls;

(iii) establish a policy, which may include delegation to an appropriate member or members of management, for release of earnings press releases as well as for the release of financial information and earnings guidance provided to analysts and rating agencies;

(iv) satisfy itself that adequate procedures are in place for the review of the Corporation’s public information extracted from the Corporation’s financial statements, other than the public information reviewed in accordance with section f), and periodically assess the adequacy of those procedures;

(v) to the extent deemed appropriate, review and supervise the preparation by management of:

A. the annual information forms, management information circulars and annual and interim financial statements of the Corporation and any other information of the Corporation filed by the Corporation with the applicable securities regulators;

B. press releases of the Corporation containing financial information, earnings guidance, forward-looking statements, information about operations or any other material information;

C. correspondence broadly disseminated to shareholders of the Corporation; and

D. other relevant written and oral communications or presentations;

(vi) before release, review and if appropriate, recommend for approval by the Board, all public disclosure documents containing audited or unaudited financial information, including any prospectuses, annual reports, annual information forms, management discussion and analysis and press releases, focusing particularly on:

A. any changes in accounting policies and practices;

B. any important areas where judgment must be exercised;

C. significant adjustments resulting from the audit;

D. the going concern assumption, if any;

E. compliance with accounting standards; and

F. compliance with stock exchange and legal requirements;

g) The Committee shall enquire into and determine the appropriate resolution of any conflict of interest in respect of audit or financial matters which are directed to the Committee by any member of the Board, a shareholder of the Corporation, the external auditors or senior management.

h) The Committee shall periodically review with management the need for an internal audit function.

i) The Committee shall review the accounting and reporting of costs, liabilities and contingencies of the Corporation.

j) The Committee shall periodically discuss with management the Corporation's major financial risk exposures and the steps management has taken to monitor and control such exposures.

k) The Committee shall establish, monitor and review policies and procedures for internal accounting, financial control and management information.

l) The Committee shall periodically discuss with management the Corporation's process for performing its quarterly certifications pursuant to Multilateral Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings.

m) The Committee shall review with the Chief Executive and Chief Financial Officer of the Corporation any report on significant deficiencies in the design or operation of the internal controls that could adversely affect the Corporation's ability to record, process, summarize or report financial data, any material weaknesses in internal controls identified to the auditors, and any fraud, whether or not material, that involves management or other employees who have a significant role in the Corporation's internal controls.

n) The Committee shall establish and maintain procedures for:

   (i) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters;

   (ii) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters; and

   (iii) reviewing arrangements by which staff of the Corporation may, in confidence, raise concerns about possible improprieties in matters of financial reporting and ensuring that arrangements are in place for proportionate and independent investigation and follow-up action.

o) At each meeting of the Committee, the Committee shall review any complaints or concerns of employees of the Corporation regarding accounting, internal accounting controls, or auditing matters relating to the Corporation and violations of the Code of Business Conduct and Ethics of the Corporation, the Anti-Bribery and Anti-Corruption Policy of the Corporation and of any applicable law, rule or regulation and shall follow the procedures established under the Whistleblower Policy regarding such concerns and complaints.

p) The Committee shall review all related party transactions and discuss the business rationale for these transactions and determine whether appropriate disclosures have been made. For this purpose, the term "related party transactions" includes any "material transaction" required to be disclosed under Item 13 of Form 51-102F2 under National Instrument 51-102 - Continuous Disclosure Obligations**.**

q) The Committee shall review the Corporation's compliance and ethics programs, including consideration of legal and regulatory requirements, and shall review with management its periodic evaluation of the effectiveness of such programs.

r) The Committee shall, in consultation with the Compensation, Nominating and Governance Committee, review the Corporation's Code of Business Conduct and Ethics and programs that management has established to monitor compliance with such code, and periodically, after consultation with the Compensation, Nominating and Governance Committee, make recommendations to the Board regarding the Corporation's Code of Business Conduct and Ethics that the Committee shall deem appropriate.

s) The Committee shall periodically review any Anti-Bribery and Anti-Corruption Policy of the Corporation if and when established, and make recommendations to the Board regarding the Corporation's Anti-Bribery and Anti-Corruption Policy that the Committee shall deem appropriate.

t) The Committee shall review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former external auditors.

u) The Committee shall receive any reports from legal counsel of evidence of a material violation of securities laws or breaches of fiduciary duty by the Corporation.

v) The Committee shall review with the Corporation's legal counsel, on no less than an annual basis, any legal matter that could have a material impact on the Corporation's financial statements and any enquiries received from regulators or government agencies.

w) The Committee shall assess, on an annual basis, the adequacy of this charter and the performance of the Committee.