



WEEDMD INC.

SPECIAL MEETING OF SHAREHOLDERS

AND

MANAGEMENT INFORMATION CIRCULAR

Special Meeting of Shareholders of WeedMD Inc.

commencing at 10:00 a.m. (EST) on February 4, 2020 at:

The offices of Fogler, Rubinoff LLP located at
TD Centre North Tower, Suite 3000, 77 King Street West, Toronto, Ontario

Dated as of January 6, 2020

WEEDMD INC.

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

NOTICE IS HEREBY GIVEN that a special meeting (the "**Meeting**") of the holders (the "**Shareholders**") of common shares (the "**Common Shares**") of WeedMD Inc. ("**WeedMD**" or the "**Corporation**") will be held at the offices of Fogler, Rubinoff LLP located at TD Centre North Tower, Suite 3000, 77 King Street West, Toronto, Ontario, on February 4, 2020 commencing at 10:00 a.m. (EST) for the following purposes:

- (a) to consider and, if thought appropriate, pass, with or without variation, an ordinary resolution to approve the issuance and sale by the Corporation of 23,079,763 common shares to 2437653 Ontario Inc. (the "**LiUNA Shareholder**"), a company controlled by the LiUNA Pension Fund of Central and Eastern Canada, to be issued pursuant to the automatic exercise of subscription receipts (the "**Subscription Receipts**") held by the LiUNA Shareholder on the fulfilment of certain escrow release conditions, for aggregate gross proceeds to the Corporation of \$25,000,000, and, in connection therewith, specifically approve the creation of the LiUNA Shareholder as a "Control Person" of the Corporation, in accordance with the applicable policies of the TSX Venture Exchange, the full text of which resolution is set out in the accompanying Management Information Circular of the Corporation (the "**Circular**") under the heading "*Business to be Transacted at the Meeting – Approval of the Subscription Receipt Exercise – Resolution Approving the Subscription Receipt Exercise*";
- (b) to consider and, if thought appropriate, pass, in connection with the exercise of the Subscription Receipts into common shares of the Corporation, an ordinary resolution to approve certain board nomination rights and voting covenants pursuant to a nomination rights and voting agreement with certain Shareholders of the Corporation (the "**Principal Shareholders**"), the full text of which resolution is set out in the accompanying Circular under the heading "*Business to be Transacted at the Meeting – Approval of the Nomination Rights and Voting Agreement and Nomination Rights – Resolution Approving the Nomination Rights and Voting Agreement and Nomination Rights*";
- (c) to transact such other business as may properly be put before the Meeting.

Particulars of the foregoing matters are set forth in the Circular. The board of directors of the Corporation has fixed the close of business on December 30, 2019, as the record date for the determination of the Shareholders entitled to receive notice of, and to vote at, the Meeting. Only Shareholders whose names have been entered in the register of shareholders as of the close of business on December 30, 2019 will be entitled to receive notice of, and to vote at the Meeting.

Shareholders are entitled to vote at the Meeting either in person or by proxy, as described in the Circular under the heading "*Voting Information*". Only registered Shareholders of the Corporation, or the persons appointed as their proxies, are entitled to attend and vote at the Meeting. For information with respect to Shareholders who own their Common Shares through an intermediary, see "*Voting Information – Non-Registered Shareholders*" in the accompanying Circular.

Whether or not you are able to attend the Meeting in person, you are encouraged to provide voting instructions on the enclosed form of proxy as soon as possible. The Corporation's transfer agent, TSX Trust Company, must receive your proxy no later than January 31, 2020 at 10:00 a.m. (Toronto time), or, if the Meeting is adjourned or postponed, no later than 48 hours (excluding Saturdays, Sundays and holidays in the Province of Ontario) before any adjourned or postponed Meeting. You must send your proxy to the Corporation's transfer agent by either using the envelope provided or by mailing the proxy to WeedMD Inc. c/o TSX Trust Company, 301 – 100 Adelaide Street West, Toronto, Ontario, Canada M5H 4H1. You may vote by facsimile at 1-416-595-9593 or on the internet by going to www.voteproxyonline.com and following the instructions. You will need your 12-digit control number located on the form of proxy. If you wish to vote by facsimile or on the internet, you must do so no later than January 31, 2020 at 10:00 a.m. (Toronto time). In addition, you may personally deliver your completed, dated and signed form of proxy

to TSX Trust Company at 301 – 100 Adelaide Street West, Toronto, Ontario, Canada M5H 4H1 no later than January 31, 2020 at 10:00 a.m. (Toronto time).

If you are a non-registered Shareholder (for example, if you hold Common Shares in an account with an intermediary), you should follow the voting procedures described in the form of proxy or voting instruction form provided by your intermediary or call your intermediary for information as to how you can vote your Common Shares. Note that the deadlines set by your intermediary for submitting your form of proxy or voting instruction form may be earlier than the dates described above, and non-registered Shareholders wishing to vote by facsimile or on the internet must do so no later than January 31, 2020 at 10:00 a.m. (Toronto time).

Late proxies may be accepted or rejected by the Chairman of the Meeting at his or her sole discretion. The Chairman is under no obligation to accept or reject any particular late proxy. The time limit for deposit of proxies may be waived or extended by the Chairman of the Meeting at his or her discretion, without notice.

DATED at Toronto, Ontario this 6th day of January, 2020.

BY ORDER OF THE BOARD OF DIRECTORS

(signed) "*Keith Merker*"

Keith Merker
Chief Executive Officer

MANAGEMENT INFORMATION CIRCULAR

VOTING INFORMATION

Persons Making This Solicitation

This management information circular (the "**Circular**") is furnished in connection with the solicitation of proxies by the management of WeedMD Inc. ("**WeedMD**" or the "**Corporation**") for use at the special meeting (the "**Meeting**") of holders (the "**Shareholders**") of common shares of WeedMD (the "**Common Shares**") to be held at the offices of Fogler, Rubinoff LLP located at TD Centre North Tower, Suite 3000, 77 King Street West, Toronto, Ontario on February 4, 2020 commencing at 10:00 a.m. (EST) for the purposes set forth in the accompanying notice of meeting (the "**Notice of Meeting**"). Registered shareholders ("**Registered Shareholders**") of WeedMD of record at the close of business on December 30, 2019 (the "**Record Date**"), or the persons they appoint as their proxies, will be entitled to receive notice of and vote at the Meeting. For information with respect to shareholders who own their shares through an intermediary, see "*Voting Information – Non-Registered Shareholders*", below.

While it is expected that the solicitation will be made primarily by mail, proxies may also be solicited personally, by facsimile or by telephone by the directors, officers and employees of the Corporation. Directors, officers and employees of the Corporation will not receive any extra compensation for such activities. **The solicitation of proxies by this Circular is being made by or on behalf of the management of the Corporation and the total cost of the solicitation will be borne by the Corporation.**

Appointment of Proxies

A Registered Shareholder of the Corporation may vote in person at the Meeting or may appoint another person to represent such Shareholder as proxy and to vote the Common Shares of such Shareholder at the Meeting. In order to appoint another person as proxy, such Shareholder must complete, execute and deliver the form of proxy accompanying this Circular, or another proper form of proxy in the manner specified in the Notice of Meeting or deposit the completed and executed form of proxy with the Chairman of the Meeting prior to the commencement of the Meeting or any adjournment or postponement thereof.

The persons named in the form of proxy accompanying this Circular are directors and/or officers of the Corporation. A Shareholder has the right to appoint a person (who need not be a Shareholder), other than the persons whose names appear in such form of proxy, to attend and act for and on behalf of such Shareholder at the Meeting and at any adjournment or postponement thereof. Such right may be exercised by either striking out the names of the persons specified in the form of proxy and inserting the name of the person to be appointed in the blank space provided in the form of proxy, or by completing another proper form of proxy and, in either case, delivering the completed and executed proxy to TSX Trust Company in time for use at the Meeting in the manner specified in the Notice of Meeting or depositing the completed and executed form of proxy with the Chairman of the Meeting prior to the commencement of the Meeting or any adjournment or postponement thereof.

A proxy will not be valid unless the completed, dated and signed proxy is delivered to TSX Trust Company, located at 301 – 100 Adelaide Street West, Toronto, Ontario M5H 4H1 or by fax to (416) 595-9593, by 10:00 a.m. (EST) on January 31, 2020 or, if the Meeting is adjourned or postponed, not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time of the adjourned or postponed Meeting.

Revocation of Proxies

A Registered Shareholder of the Corporation who has given a proxy may revoke the proxy at any time prior to use by depositing an instrument in writing, including another completed form of proxy, executed by such Registered Shareholder or by his or her attorney authorized in writing or by electronic signature, or, if the Registered Shareholder is a corporation, by an authorized officer or attorney thereof, or by transmitting by telephone or electronic means, a revocation signed, subject to the *Business Corporations Act* (Ontario), by electronic signature: (i) to the head office

of the Corporation, located at 250 Elm Street, Aylmer, Ontario, N5H 2M8, at any time prior to 5:00 p.m. (Toronto time) on the last Business Day preceding the day of the Meeting or any adjournment or postponement thereof; (ii) with the Chairman of the Meeting on the day of the Meeting or any adjournment or postponement thereof; or (iii) in any other manner permitted by law.

Only a Registered Shareholder has the right to revoke a proxy. Non-registered holders of Common Shares who wish to change their voting instructions must contact the intermediary through which their Common Shares are held and by following the instructions of the intermediary respecting the revocation of such voting instructions.

Exercise of Discretion

The Common Shares represented by an appropriate form of proxy will be voted on any ballot that may be conducted at the Meeting, or at any adjournment or postponement thereof, in accordance with the instructions contained on the form of proxy and, if the Shareholder specifies a choice with respect to any matter to be acted on, the Common Shares will be voted accordingly. **In the absence of instructions, such Common Shares will be voted FOR each of the matters described in the Notice of Meeting.**

The enclosed form of proxy, when properly completed and signed, confers discretionary authority upon the persons named therein to vote on any amendments to or variations of the matters described in the Notice of Meeting and on other matters, if any, which may properly be brought before the Meeting or any adjournment or postponement thereof, whether or not any amendments variations or other matters are routine or contested. As at the date hereof, management of the Corporation knows of no such amendments or variations or other matters to be brought before the Meeting. However, if any other matter which is not now known to management of the Corporation should properly be brought before the Meeting, or any adjournment thereof, the Common Shares represented by such proxy will be voted on such matter in accordance with the judgment of the person named as proxy thereon.

IF A CHOICE WITH RESPECT TO SUCH MATTERS IS NOT SPECIFIED, THE PERSONS DESIGNATED BY MANAGEMENT OF THE CORPORATION IN THE ENCLOSED PROXY WILL VOTE THE COMMON SHARES REPRESENTED BY THE PROXY IN FAVOUR OF EACH MATTER IDENTIFIED IN THE PROXY.

Non-Registered Shareholders

Most shareholders of the Corporation are non-registered shareholders ("**Non-Registered Shareholders**") because the Common Shares they beneficially own are not registered in their names but are instead registered in the name of an intermediary such as a brokerage firm, bank, trust corporation, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans through which they purchased the Common Shares (an "**Intermediary**"). A Non-Registered Shareholder typically holds their Common Shares either: (a) in the name of the Intermediary that the Non-Registered Shareholder deals with in respect of the Common Shares; or (b) in the name of a clearing agency (such as CDS Clearing and Depository Services Inc. ("**CDS**")), of which the Intermediary is a participant.

Non-Registered Shareholders who have not objected to their Intermediary disclosing certain beneficial ownership information about themselves to the Corporation are referred to as "NOBOs". Non-Registered Shareholders who have objected to their Intermediary disclosing the ownership information about themselves to the Corporation are referred to as "OBOs". National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* ("**NI 54-101**") permits the Corporation to send the Corporation's Notice of Meeting, Circular and a form of proxy (collectively, the "**Meeting Materials**") directly to the NOBOs. In accordance with NI 54-101, the Corporation has elected to send the Meeting Materials directly to NOBOs and has distributed copies of the Meeting Materials to Intermediaries for distribution to OBOs. The Corporation will pay for an Intermediary to deliver the Meeting Materials to Non-Registered Shareholders who are OBOs, including a voting instruction form (as described further below).

If you are a Non-Registered Shareholder and you have not declined to receive the Meeting Materials, then you will receive either a voting instruction form ("**Voting Instruction Form**") or, less frequently, a partially completed form

of proxy. The purpose of these forms is to permit you to direct the voting of the Common Shares that you beneficially own. If you are a Non-Registered Shareholder, you should follow the procedures set out below, depending on which type of form you receive.

- a) Voting Instruction Form - In most cases in lieu of a proxy, you will receive, as part of the Meeting Materials, a Voting Instruction Form. If you do not wish to attend and vote at the Meeting in person (or have another person attend and vote on your behalf), the Voting Instruction Form must be completed, signed and returned in accordance with the directions on the Voting Instruction Form. If you wish to attend and vote at the Meeting in person (or have another person attend and vote on your behalf), then you must complete, sign and return the Voting Instruction Form in accordance with the directions provided and a form of proxy giving the right to attend and vote at the Meeting will be forwarded to you.

or

- b) Form of Proxy - Less frequently, you will receive, as part of the Meeting Materials, a form of proxy that has already been executed by the Intermediary (typically by a facsimile, stamped signature) and which is restricted as to the number of Common Shares beneficially owned by you, but which is otherwise incomplete. If you do not wish to attend and vote at the Meeting in person (or have another person attend and vote on your behalf), you must complete the form of proxy and deposit it with TSX Trust Company, located at 301 – 100 Adelaide Street West, Toronto, Ontario M5H 4H1 or by fax to (416) 595-9593, as described above. If you wish to attend and vote at the Meeting in person (or have another person attend and vote on your behalf), you must insert your name (or such other person's) name in the blank space provided.

In any case, the purpose of these procedures is to permit Non-Registered Shareholders to direct the voting of the Common Shares which they beneficially own. Should a Non-Registered Shareholder who receives one of the above forms wish to vote at the Meeting in person, the Non-Registered Shareholder should insert the Non-Registered Shareholder's name in the blank space provided. **Non-Registered Shareholders should follow the instructions on the forms they receive, including those regarding when and where the forms are to be delivered, and contact their Intermediaries promptly if they need assistance.**

Quorum

The quorum for any meeting of Shareholders is two persons present at the meeting. In the event that a quorum is not present at the time fixed for holding the Meeting, the Meeting shall stand adjourned to such date and to such time and place as may be determined by the Shareholders present at the Meeting.

INTEREST OF CERTAIN PERSONS IN MATTERS TO BE ACTED UPON

No person who has been a director or executive officer of the Corporation since the beginning of the Corporation's most recently completed financial year, nor any associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in matters to be acted upon at the Meeting.

VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES

The board of directors (the "**Board**") of WeedMD have fixed December 30, 2019 as the record date for the determination of the shareholders entitled to receive the Notice of Meeting. Shareholders of record at the close of business on the Record Date will be entitled to vote at the Meeting and at all adjournments thereof. Each Common Share will entitle the holder of record thereof to one vote at the Meeting.

As at the Record Date, there were 186,489,558 Common Shares outstanding. As of that date, to the knowledge of the directors and executive officers of WeedMD, the following are the only persons, firms or corporations that beneficially own, directly or indirectly, or exercise control or direction over, 10% or more of the Common Shares.

Name	Number of Common Shares	Percentage
2437653 Ontario Limited	37,273,193	19.9%

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This Circular and the documents incorporated into this Circular by reference contain "forward-looking statements" and "forward-looking information" within the meaning of Securities Laws (forward-looking statements and forward-looking information being collectively referred to as "forward-looking information") that are based on expectations, estimates and projections as at the date of this Circular or the dates of the documents incorporated by reference, as applicable. This forward-looking information includes, but is not limited to, statements and information concerning: the automatic exercise of Subscription Receipts (as defined herein) into Common Shares; the anticipated timing for the automatic exercise of the Subscription Receipts and the satisfaction of the Escrow Release Conditions (as defined herein); the anticipated benefits of the Acquisition and Private Placement; statements made in, and based upon, the Fairness Opinion; statements relating to the business and future activities of the Corporation after the date of this Circular; Shareholder approval of the creation of a new Control Person (as defined herein) and the expected timing thereof; Shareholder approval of the Nomination Rights and Voting Covenants (both as defined herein); regulatory approval in connection with the Subscription Receipts and the Escrow Release Conditions; and other statements that are not historical facts. To the extent any forward-looking information constitutes future-oriented financial information or financial outlook, as those terms are defined under applicable Canadian Securities Laws, such statements are being provided to describe the current anticipated effect of the Acquisition, Private Placement, and exercise of Subscription Receipts, and readers are cautioned that these statements may not be appropriate for any other purpose, including investment decisions.

Any statements that involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions, future events or performance (often, but not always, using words or phrases such as "expects" or "does not expect", "is expected", "anticipates" or "does not anticipate", "plans", "budget", "scheduled", "forecasts", "estimates", "believes" or "intends" or variations of such words and phrases or stating that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved) are not statements of historical fact and may be forward-looking statements and are intended to identify forward-looking information. This forward-looking information is based on the beliefs of the Corporation's management, as well as on assumptions and other factors, which management believes to be reasonable based on information available at the time such information was given. Such assumptions include, among other things, the satisfaction of the terms and conditions of the Subscription Receipts and Subscription Receipt Agreement, including the receipt of the required governmental and regulatory approvals and consents.

By its nature, forward-looking information, including future-oriented financial information or financial outlook, is based on assumptions and involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements expressed or implied herein to be materially different from any future results, performance or achievements expressed or implied by the forward-looking information, including, without limitation: the Subscription Agreement and the Subscription Receipt Agreement may be terminated in certain circumstances; the Escrow Release Conditions may not be satisfied; general economic conditions; industry conditions; currency fluctuations; competition from other industry participants; and stock market volatility. This list is not exhaustive of the factors that may affect any of the forward-looking information contained herein.

Forward-looking information is information about the future and is inherently uncertain. There can be no assurance that the forward-looking information will prove to be accurate. Actual results could differ materially from those reflected in the forward-looking information as a result of, among other things, the matters set out in this Circular generally and economic and business factors, some of which may be beyond the control of the Corporation. The Corporation expressly disclaims any intention or obligation to update or revise any information contained in this Circular (including forward-looking information) except as required by applicable Laws, and Shareholders should not assume that any lack of update to information contained in this Circular means that there has been no change in that information since the date of this Circular and should not place undue reliance on forward-looking information.

PARTICULARS OF MATTERS TO BE ACTED UPON

Approval of Subscription Receipt Exercise

Description of Private Placement and the Subscription Receipts

On November 29, 2019, the Corporation entered into a subscription agreement (the "**Subscription Agreement**") with 2437653 Ontario Inc. (the "**LiUNA Shareholder**"), a company controlled by the LiUNA Pension Fund of Central and Eastern Canada (the "**LPF**"), pursuant to which the LiUNA Shareholder subscribed for, and agreed to purchase, 23,079,763 subscription receipts ("**Subscription Receipts**") of the Corporation at a price of \$1.0832 per Subscription Receipt (the "**Offering Price**"), for aggregate gross proceeds to the Corporation of \$25,000,000 (the "**Private Placement**"). Each Subscription Receipt represents the right of the holder thereof to acquire one Common Share for no additional consideration, subject to certain adjustments, and pending satisfaction of certain escrow release conditions (the "**Escrow Release Conditions**").

The Private Placement closed on December 20, 2019 and the Corporation issued 23,079,763 Subscription Receipts to the LiUNA Shareholder at the Offering Price. Concurrently with the Private Placement, the Corporation closed an all-share acquisition (the "**Acquisition**") of Starseed Holdings Inc. ("**Starseed**") pursuant to an acquisition agreement (the "**Acquisition Agreement**") between the Corporation and Starseed dated November 29, 2019.

The Subscription Receipts are evidenced by a subscription receipt certificate issued as of December 20, 2019 pursuant to the terms of a subscription receipt agreement (the "**Subscription Receipt Agreement**") dated December 20, 2019 between the Corporation, the LiUNA Shareholder and TSX Trust Company (the "**Subscription Receipt Agent**"). Each Subscription Receipt entitles the holder to receive, upon automatic exchange and without payment of additional consideration or further action on the part of the holder thereof, one Common Share of the Corporation upon the satisfaction or waiver of the Escrow Release Conditions. The Escrow Release Conditions include, *inter alia*: (i) receipt of disinterested shareholder approval for the creation of a new Control Person (as that term is defined under the applicable policies of the TSX-V) of the Corporation; and (ii) receipt of disinterested shareholder approval for the nomination rights and voting covenants as set out in a nomination rights and voting agreement (the "**Nomination Rights and Voting Agreement**") with the LiUNA Shareholder and Mr. Johnathan Vrozos (collectively, the "**Principal Shareholders**").

If, pursuant to the Subscription Receipt Agreement, the Escrow Release Conditions are not satisfied or waived on or before 5:00 p.m. (Toronto time) on February 28, 2020, or such later date as the parties to the Acquisition Agreement and the LiUNA Shareholder may agree, (the "**Escrow Release Deadline**"), all of the issued and outstanding Subscription Receipts shall be cancelled and the Subscription Receipt Agent shall return to the LiUNA Shareholder an amount equal to the greater of: (i) the aggregate Offering Price for the Subscription Receipts, or (ii) \$25,000,000, being the aggregate gross proceeds of the Offering delivered to the Subscription Receipt Agent to be held in escrow, (the "**Escrowed Proceeds**") plus any interest and other income earned on the Escrowed Proceeds (the "**Escrowed Funds**"), less applicable withholding taxes, if any. The Corporation will be responsible for any shortfall in the Escrowed Funds released in the event that the Escrow Release Conditions are not satisfied by the Escrow Release Deadline, so that the LiUNA Shareholder receives a refund equal to the amount owed to the LiUNA Shareholder in accordance with the preceding sentence.

The Private Placement was conducted on a non-brokered private placement basis. The closing price of the Common Shares on the TSX-V on November 27, 2019, the last trading day prior to the announcement of the Private Placement, was \$1.09.

Aside from the Escrow Release Conditions described above, there are no further remaining conditions to the automatic exercise of the Subscription Receipts pursuant to the Subscription Receipt Agreement aside from the Corporation delivering a written notice to the Subscription Receipt Agent confirming the satisfaction or waiver of the Escrow Release Conditions.

Information Concerning LiUNA and LPF

The Labourers' International Union of North America ("**LiUNA**") is Canada's largest construction union representing over 130,000 members across Canada and over 500,000 members across North America. LiUNA took a progressive view on the potential of medical cannabis to combat opioid use in a sector where workers tend to suffer disproportionately from chronic pain. The introduction of new cannabis 2.0 formats and wellness-oriented products are expected to accelerate usage and adoption from members and other beneficiaries such as spouses and adult-age dependents.

The LiUNA Pension Fund of Central and Eastern Canada ("**LPF**") is a multi-employer pension plan established in 1972 to provide retirement benefits for LiUNA members. LPF is one of the fastest growing multi-employer pension funds across Canada, with a diverse investment portfolio and \$8 Billion in assets.

Background to the Acquisition and the Private Placement

On November 29, 2019, the Corporation entered into the Acquisition Agreement with Starseed. Pursuant to the Acquisition Agreement, the Subscription Agreement and the Subscription Receipt Agreement, the Subscription Receipts were issued to the LiUNA Shareholder, a company controlled by the LPF, concurrently with the closing of the Acquisition on December 20, 2019. The LPF is a strategic investor of Starseed and was Starseed's largest shareholder prior to completion of the Acquisition.

The Corporation's decision to pursue the Acquisition and Private Placement followed extensive deliberation by the Corporation's Board and management. The foremost factor driving the process was that the cannabis industry has faced increasing pressures, as capital has become scarce and expensive. The adult-use cannabis market has been slower to ramp up and licensed producers have to operate at thinner margins than many originally anticipated. These market pressures have forced the Corporation, like many others, to re-evaluate its business. As such, the Corporation identified three pillars of long-term success:

- Quality and Cost-Effective Production Platform;
- High Margin and Differentiated Distribution Channels; and
- Strong Balance Sheet.

The Corporation believes that it has accomplished the "Quality and Cost-Effective Production Platform". The Strathroy facility was built under budget, on time, and is now a leading production platform in the country. The challenge has been in solidifying the two remaining keys to success and identifying solutions that would be accretive to the Corporation's business and its Shareholders. The Corporation believes that Starseed is a company and team that solves these issues, while also bringing in the LPF to the table, a fully-aligned investor with capital.

The Corporation has historically relied on the Business-to-Business wholesale market as a source of revenues. This has come at the cost of lower margins. Many of the Corporation's peers face similar pressures, with limited alternatives for higher margin channels. Starseed's captive and covered patient base offers something different, selling cannabis at attractive prices and meaningful volumes.

In addition, through the combination of cash on Starseed's balance sheet and the investment from the LPF in the form of the Private Placement, the Corporation has secured \$42 million of capital. In addition, Starseed shareholders representing 68% of Starseed's shares are subject to an 18-month lock-up and leak-out schedule, including the LPF. Starseed brings no additional debt or liabilities to the Corporation's balance sheet, and a non-material amount of dilutive securities.

Board Approval of the Private Placement

The Board's approval of the Acquisition and Private Placement followed an exhaustive search and evaluation of potential sources of capital undertaken by management and the Board over a number of months.

For the negotiation process, the Board hired Stoic Advisory Inc. as its exclusive financial advisor. Further, as part of the process of approving the Acquisition and Private Placement, the Board established a special committee composed of two of its independent directors for the purpose of obtaining a fairness opinion (the "**Fairness Opinion**"). The special committee hired INFOR Financial Inc. to conduct an analysis and provide the Fairness Opinion, which stated that, subject to the assumptions, qualifications and limitations contained in the Fairness Opinion, the consideration being paid to Starseed pursuant to the Acquisition and the concurrent Private Placement, is fair, from a financial point of view, to the Corporation. Having received the Fairness Opinion, and having considered the matter and most recent terms of the Acquisition and Private Placement, including the condition that the Corporation enter into the Nomination Rights and Voting Agreement, the Board unanimously approved the Acquisition and Private Placement.

Management and the Board identified and considered a number of potential risk factors relating to the Private Placement in its deliberations, including, but not limited to: the concentration of share ownership in the LPF and the LiUNA Shareholder and dilution to existing Shareholders, and the risks associated with the Private Placement not being completed. Management and the Board believed that any possible adverse effects or risks were more than outweighed by the potential benefits of the Private Placement.

Shareholder Approval of Subscription Receipt Exercise

Shareholder approval is required for the automatic exercise of the Subscription Receipts into Common Shares and the creation of a Control Person upon such automatic exercise. The Corporation specifically requires shareholder approval for the creation of the LiUNA Shareholder as a "**Control Person**" (as that term is defined under TSX-V Policy 1.1 – "Interpretation" ("**TSX-V Policy 1.1**")), in accordance with the applicable policies of the TSX Venture Exchange. See the below under the heading "*Creation of New Control Person*" for further information on this requirement.

The full text of the Subscription Receipt Resolution is set out below under the heading "*Resolution Approving the Subscription Receipt Exercise*".

Creation of New Control Person

Pursuant to TSX-V Policy 4.1 – "Private Placements" ("**TSX-V Policy 4.1**"), shareholder approval is required if a private placement by a listed issuer will result in the creation of a new "Control Person" (as that term is defined under TSX-V Policy 1.1). A Control Person generally includes any person that will hold more than 20% of the outstanding voting shares of a listed issuer on completion of a private placement (including any voting shares issuable upon the exercise of any warrants or other convertible securities issued pursuant to such private placement).

Following completion of the Private Placement, the LiUNA Shareholder will hold approximately 29% of the outstanding Common Shares (based on the number of Common Shares outstanding as at the date of this Circular), and, as a result, the LiUNA Shareholder will be considered to be a Control Person of the Corporation. Therefore, the completion of the Private Placement is subject to shareholder approval pursuant to TSX-V Policy 4.1.

Shareholders will be asked at the Meeting to approve the Subscription Receipt Resolution and, in connection therewith, approve the creation of the LiUNA Shareholder as a new Control Person of the Corporation. See "*Resolution Approving the Subscription Receipt Exercise*".

Resolution Approving the Subscription Receipt Exercise

As described under the heading "*Shareholder Approval of the Subscription Receipt Exercise*", the approval of disinterested Shareholders is required for the Private Placement. In particular, Shareholders are required to approve the creation of the LiUNA Shareholder as a new Control Person of the Corporation (in accordance with the policies

of the TSX-V). Therefore, at the Meeting disinterested Shareholders will be asked to pass the following ordinary resolution (the "**Subscription Receipt Resolution**").

The text of the Subscription Receipt Resolution, which will be submitted to Shareholders at the Meeting, is set forth below.

"BE IT RESOLVED, AS AN ORDINARY RESOLUTION, THAT:

1. the Private Placement of Subscription Receipts, as more particularly described in the Management Information Circular (the "**Circular**") of the Corporation dated January 6, 2020, be and is hereby approved and, in connection therewith the issuance of Common Shares on automatic exercise of subscription receipts held by 2437653 Ontario Inc. (the "**LiUNA Shareholder**"), which will result in the creation of the LiUNA Shareholder as a new Control Person (as that term is defined under the applicable policies of the TSX-V) of the Corporation, is hereby approved;
2. any one director or officer of the Corporation be and is hereby authorized, for and on behalf of the Corporation, to execute and deliver all documents and instruments and take such other actions as such director or officer may determine to be necessary or desirable to implement this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such documents or instruments and the taking of any such actions."

In order to be adopted, the Subscription Receipt Resolution must be passed by the affirmative vote of a majority of disinterested votes cast by Shareholders in person or represented by proxy at the Meeting. The new Control Person, being the LiUNA Shareholder will be excluded from voting on the Subscription Receipt Resolution. As of the date hereof, the Corporation has advised that a total of 37,273,193 Common Shares will be excluded from voting on the Subscription Receipt Resolution, which represents 19.9% of the issued and outstanding Common Shares.

Board Recommendation

The Board has unanimously approved the terms of the Private Placement and Subscription Receipts. For the reasons indicated herein, the Board and management of the Corporation believe that the Private Placement and the automatic exercise of the Subscription Receipts in the best interests of the Corporation and, accordingly, recommend that Shareholders vote FOR the Subscription Receipt Resolution.

Unless a Shareholder directs that his, her or its Common Shares be voted against the Subscription Receipt Resolution, the persons named in the enclosed form of proxy will vote FOR the Subscription Receipt Resolution.

Approval of Nomination Rights and Voting Covenants Under the Nomination Rights and Voting Agreement

As a condition to the Private Placement, the Corporation is to enter into the Nomination Rights and Voting Agreement with the Principal Shareholders. The Nomination Rights and Voting Agreement sets forth the terms of certain rights of the Principal Shareholders to nominate members of the Board of the Corporation after closing of the Acquisition (the "**Nomination Rights**"), as well as covenants (the "**Voting Covenants**") for the voting of Common Shares that the Principal Shareholders beneficially own with the completion of the Acquisition, and will beneficially own after the Private Placement, if approved. The full form of the Nomination Rights and Voting Agreement is appended to the Acquisition Agreement as Schedule "E" which can be found on SEDAR at www.sedar.com.

Pursuant to the Nomination Rights, Mr. Johnathan Vrozos will have the right to designate one nominee and the LiUNA Shareholder will have the right to designate two nominees to the Board at any meeting of Shareholders called for the purposes of electing directors of the Corporation (such nominees of the Principal Shareholders, the "**Starseed Nominees**"). Each Starseed Nominee, as a condition of election or appointment as a director, will have to meet the qualification requirements to serve as a director under all laws applicable to the Corporation. Collectively, the Starseed Nominees will total three of the seven directors of the Corporation. The initial nominees appointed by the Principal Shareholders concurrent with completion of the Acquisition are: Angelo Tsebelis, president of Starseed; G. Edmund

King, former CEO and Chairman of CIBC Wood Gundy; and, Dr. Hugh Scully, former president of both the Ontario and Canadian Medical Associations.

The Nomination Rights and Voting Agreement also contains the Voting Covenants of the Principal Shareholders. Pursuant to the Voting Covenants, for the duration of the Nomination Rights and Voting Agreement, the Principal Shareholders will vote the Common Shares which they have beneficial ownership or control over in favour of the Board's slate of nominees for election as directors at each meeting of Shareholders at which directors are to be elected, provided that: (i) such slate includes the three Starseed Nominees; and (ii) there will be no more and no less than seven directors on the Board or nominated for election to the Board.

The Corporation requires approval of a majority of the disinterested shareholders for the granting of the Nomination Rights and Voting Covenants. For further information on disinterested shareholder approval, see below "*Business to be Transacted at the Meeting – Approval of the Nomination Rights and Voting Agreement and Nomination Rights – Resolution Approving the Nomination Rights and Voting Agreement and Nomination Rights*".

Resolution Approving the Nomination Rights and Voting Agreement and Nomination Rights

As described in detail under the heading "*Approval of Nomination Rights and Voting Covenants Under the Nomination Rights and Voting Agreement*", the approval of disinterested Shareholders is required for the granting of Nomination Rights and Voting Covenants as set out in a Nomination Rights and Voting Agreement. Therefore, at the Meeting the Shareholders will be asked to pass the following ordinary resolution (the "**Nomination Rights and Voting Agreement Resolution**").

The text of the Nomination Rights and Voting Agreement Resolution, which will be submitted to Shareholders at the Meeting, is set forth below.

"BE IT RESOLVED, AS AN ORDINARY RESOLUTION, THAT:

1. the granting of board nomination rights and the entering into of voting covenants pursuant to a nomination rights and voting agreement between the Corporation, Mr. Johnathan Vrozos and the LiUNA Shareholder, which nomination rights and voting covenants are more particularly described in the Management Information Circular of the Corporation dated January 6, 2020, are hereby approved; and
2. any one director or officer of the Corporation be and is hereby authorized, for and on behalf of the Corporation, to execute and deliver all documents and instruments and take such other actions as such director or officer may determine to be necessary or desirable to implement this resolution and the matters authorized hereby, such determination to be conclusively evidenced by the execution and delivery of any such documents or instruments and the taking of any such actions."

As described above, the Escrow Release Conditions of the Private Placement include the requirement that Nomination Rights and Voting Agreement Resolution be approved at the Meeting.

In order to be adopted, the Nomination Rights and Voting Agreement Resolution must be passed by the affirmative vote of a majority of votes cast by disinterested Shareholders in person or represented by proxy at the Meeting. All directors and the Principal Shareholders will be excluded from voting on the Nomination Rights and Voting Agreement Resolution.

As of the date hereof, the Corporation has advised that a total of 59,269,180 Common Shares will be excluded from voting on the approval of the Nomination Rights and Voting Agreement and the approval of the Nomination Rights thereunder, which represents 31.8% of the issued and outstanding Common Shares.

Board Recommendation

The Board has unanimously approved the terms of the Nomination Rights and Voting Agreement. For the reasons indicated herein, the Board and management of the Corporation believe that the Nomination Rights

and Voting Agreement is in the best interests of the Corporation and, accordingly, recommend that Shareholders vote FOR the Nomination Rights and Voting Agreement Resolution.

Unless a Shareholder directs that his, her or its Common Shares be voted against the Nomination Rights and Voting Agreement Resolution, the persons named in the enclosed form of proxy will vote FOR the Nomination Rights and Voting Agreement Resolution.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as otherwise described herein, none of the persons who were directors or executive officers of the Corporation or a subsidiary of the Corporation at any time during the Corporation's last financial year, any person or corporation who beneficially owns, directly or indirectly, or who exercises control or direction over (or a combination of both) more than 10% of the issued and outstanding Common Shares, nor any associate or affiliate of those persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any transaction or proposed transaction which has materially affected or would materially affect the Corporation.

ADDITIONAL INFORMATION

Additional information relating to WeedMD can be found on SEDAR at www.sedar.com. Financial and other information is provided in WeedMD's audited consolidated financial statements and management's discussion and analysis for the financial year ended December 31, 2018, which can be found on SEDAR at www.sedar.com and will be sent without charge to any securityholder upon request to the Chief Financial Officer of WeedMD at 250 Elm Street, Aylmer, Ontario, N5H 2M8.

APPROVAL OF BOARD OF DIRECTORS

The contents of this Circular, and the sending thereof to each director of the Corporation, to the auditors of the Corporation and the Shareholders has been approved by the Board.

DATED in the City of Toronto, in the Province of Ontario, this 6th day of January, 2020.

(signed) "*Keith Merker*"

Keith Merker
Chief Executive Officer