

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. THIS DOCUMENT CONTAINS PROPOSALS WHICH, IF IMPLEMENTED, WILL RESULT IN THE CANCELLATION OF THE LISTING OF THE SATIVA SHARES ON THE AQUIS STOCK EXCHANGE GROWTH MARKET.

If you are in any doubt as to what action you should take, you are recommended to seek your own financial advice immediately from your stockbroker, bank manager, solicitor, accountant, fund manager or other appropriate independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended) if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser in a territory outside the United Kingdom.

If you have sold or otherwise transferred all of your Sativa Shares, please forward this document, together with the accompanying documents (including the Forms of Proxy), to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward delivery to the purchaser or transferee. However, neither this document nor any accompanying document should be forwarded to, or transmitted into, any jurisdiction where to do so may constitute a violation of local securities laws or regulations. If you sell or have sold or otherwise transferred only part of your registered holding of Sativa Shares, you should retain these documents and consult the stockbroker, bank or other agent through whom the sale or transfer was effected.

The release, publication or distribution of this document and/or the accompanying documents into jurisdictions other than the United Kingdom may be restricted by law and therefore this document and/or the accompanying documents may not be distributed or published in any jurisdiction except under circumstances which result in compliance with applicable laws and regulations. Therefore, persons into whose possession this document and/or the accompanying documents come should inform themselves about, and observe, any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws and regulations of any such jurisdiction.

Neither this document nor any of the accompanying documents do or are intended to constitute or form part of any offer or invitation to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of, any securities or the solicitation of any vote or approval pursuant to the Scheme or otherwise, in any jurisdiction in which such offer, invitation or solicitation is unlawful. This document is not a prospectus and has not been approved by the FCA in the United Kingdom. None of the securities referred to in this document shall be sold, issued, exchanged or transferred in any jurisdiction in contravention of applicable law.

Recommended proposals for the acquisition of

SATIVA GROUP PLC

(registered in England and Wales with company registration number 11118594)

by

STILLCANNA INC.

(a company incorporated under the Business Corporations Act (British Columbia))

**to be effected by means of a Scheme of Arrangement
under Part 26 of the Companies Act 2006**

and

Notices of Court Meeting and General Meeting

Sativa Shareholders should read the whole of this document (including all information incorporated into this document by reference to another source) and the accompanying Forms of Proxy documents.

Your attention is drawn to the letter from the Chairman set out in Part 1 of this document, which contains the unanimous recommendation of the Sativa Board that you vote in favour of the Scheme at the Court Meeting and the Resolution to be proposed at the General Meeting. A letter from Peterhouse Capital Limited explaining the Scheme appears in Part 2 of this document.

Notices of the Court Meeting and the General Meeting, each of which are expected to be held at The Blue Building, Stubbs Lane, Beckington, Frome, Somerset, BA11 6TE, United Kingdom on 17 August 2020, are set out in Parts 10 and 11 of this document. The Court Meeting will start at 11.00 am and the General Meeting at 11.15 am (or as soon thereafter as the Court Meeting has concluded or adjourned). The action to be taken by Sativa Shareholders in respect of the Meetings is set out in paragraph 10 of Part 1 of this document.

Sativa Shareholders will find accompanying this document a blue Form of Proxy for use in connection with the Court Meeting and a white Form of Proxy for use in connection with the General Meeting. **Please complete and sign each of the accompanying Forms of Proxy in accordance with the instructions printed on them and return them to Sativa's Registrars, Neville Registrars, at the address indicated on the Forms of Proxy as soon as possible but, in any event, so as to be received by no later than 48 hours (excluding any part of such 48 hour period falling on a non-Business Day) before the appointed time for the relevant Meeting. Unless the Forms of Proxy are returned by the relevant time specified above (or, in the case of adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting (excluding any day that is not a Business Day)), they will be invalid.**

Sativa Shareholders who hold their shares through CREST and who wish to appoint a proxy for the Meetings or any adjournment(s) thereof may do so by using the CREST proxy voting service in accordance with the procedures set out in the CREST manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider, should refer to that CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. **Proxies submitted via CREST must be received by the Registrar by no later than 48 hours (excluding any part of such 48 hour period falling on a non-Business Day) before the appointed time for the relevant Meeting.**

Due to the current COVID-19 situation, arrangements for the Court Meeting and the General Meeting will need to differ from usual practice. In keeping with the Government's current COVID-19 health and safety advice, it is proposed that the meeting be held with a board quorate only and that shareholders will not be able to attend the Meetings in person. To ensure that Scheme Shareholders can still participate in an orderly and safe Court Meeting and General Meeting, it is proposed that the Meetings be held virtually via an electronic platform. Scheme Shareholders will be able to hear the Meetings' chairman and to submit questions on the resolutions and business of the Meetings. It is proposed that specific questions can be submitted prior to the Meetings and in real-time during the Court Meeting and the General Meeting. These measures are required in order to safeguard Shareholders' health and in order to make the AGM as safe and efficient as possible. The Company is invoking certain of the meetings provisions in the Companies Act 2006 and its articles of association. These provisions allow the Company to use facilities and measures that it considers to be adequate, and for the Company to make arrangements for the safety and security of Shareholders in line with COVID-19 safety advice. Live voting will not be possible at the Court Meeting or the General Meeting and Scheme Shareholders are strongly encouraged to exercise their voting rights at the Court Meeting and the General Meeting by completing and returning a Form of Proxy or CREST proxy instruction. As set out above, Forms of Proxy must be received by no later than 48 hours (excluding any part of such 48 hour period falling on a non-Business Day) before the appointed time for the relevant Meeting. The completion and return of a Form of Proxy or CREST proxy instruction will not prevent you from attending the Meetings or any adjournment thereof if you so wish and are so entitled in the manner described above.

IF YOU ARE A SHAREHOLDER AND WISH TO ATTEND EITHER THE COURT MEETING OR THE GENERAL MEETING, PLEASE REQUEST A HYPERLINK AND PASS CODE TO THE MEETING BY CONTACTING ANNE TEW, COMPANY SECRETARY, AT ANNE.TEW@SATIVAGROUP.CO.UK.

Please vote your shares by appointing the Chairman of the Company as your proxy. You can vote by returning the proxy instruction that you received with this document.

ONLY THE CHAIRMAN CAN BE APPOINTED AS YOUR PROXY FOR THIS COURT MEETING AND IN ADDITION SHAREHOLDERS CANNOT ATTEND THIS MEETING IN PERSON.

The platform that being used at the Court Meeting and the General Meeting will allow Sativa Shareholders to submit questions on the resolutions and the business of the Meetings only via webcast in real-time during the course of the Meetings. We would politely remind you that the Directors will not answer questions relating to the individual rights of Sativa Shareholders or any general matters at Meetings. In addition to the arrangements on the day of the Meetings, Shareholders will be able to submit questions ahead of the Meetings by contacting Anne Tew, Company Secretary, at Anne.Tew@sativagroup.co.uk. Only questions in relation to the resolutions or business of the Meetings will be considered.

If you have any questions about this document, the Meetings (or any one of them) or how to complete the Forms of Proxy, please see the contact details under the 'Helpline' heading on page 11.

Application will be made to the AQSE, conditional on the Scheme becoming effective, for the cancellation of the admission to trading of Sativa Shares. If the Scheme proceeds as envisaged, it is expected that such cancellation will take effect on the Effective Date.

Peterhouse Capital Limited, which is authorised and regulated by the FCA in the United Kingdom, is acting solely for Sativa as financial adviser in relation to the matters referred to in this document and for no one else. Peterhouse Capital Limited will not be responsible to anyone other than Sativa for providing the protections afforded to its clients or for providing advice in relation to the contents of this document or any arrangement referred to herein. Neither Peterhouse Capital Limited, nor any of its affiliates, owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person other than Sativa in connection with this document, any statement contained herein or otherwise. Peterhouse Capital Limited has given, and not withdrawn, its consent to the inclusion in this document of the references to its name and the advice it has given to Sativa in the form and context in which they appear.

Neither the SEC nor any US state securities commission or regulatory authority has reviewed or approved this document or the Scheme. Any representation to the contrary is a criminal offence in the United States.

IMPORTANT INFORMATION

This document and the accompanying documents have been prepared in connection with proposals in relation to a scheme of arrangement pursuant to and for the purpose of complying with English law, the Takeover Code and the AQSE Rules and information disclosed may not be the same as that which would have been prepared in accordance with the laws of jurisdictions outside the United Kingdom. Nothing in this document or the accompanying documents should be relied on for any other purpose.

The distribution of this document in jurisdictions outside the United Kingdom may be restricted by the laws of those jurisdictions and therefore persons into whose possession this document comes should inform themselves about and observe such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. All Shareholders or other persons (including nominees, trustees and custodians) who would otherwise intend to, or may have a contractual or legal obligation to, forward this document and the accompanying Forms of Proxy to a jurisdiction outside the United Kingdom should refrain from doing so and seek appropriate professional advice before taking any action.

No person has been authorised to make any representations on behalf of any member of the Stillcanna Group or any member of the Sativa Group concerning the Acquisition which are inconsistent with the statements contained in this document and such representations, if made, may not be relied upon as having been so authorised.

The summary of the principal provisions of the Scheme contained in this document is qualified in its entirety by reference to the Scheme itself, the full text of which is set out in Part 3 of this document. Each Scheme Shareholder is advised to read and consider carefully the text of the Scheme itself. This document, and in particular, the Chairman's Letter (Part 1 of this document) and Explanatory Statement (Part 2 of this document) have been prepared solely to assist Shareholders in respect of voting on the Scheme.

Shareholders should not construe the contents of this document as legal, taxation or financial advice, and should consult with their own advisers as to the matters described in this document.

The statements contained in this document are made as at the date of this document, unless some other time is specified in relation to them, and service of this document shall not give rise to any implication that there has been no change in the facts set forth in this document since such date. Nothing contained in this document shall be deemed to be a forecast, projection or estimate of the future financial performance of the Stillcanna Group or the Sativa Group except where otherwise stated.

CAUTIONARY NOTE ON FORWARD-LOOKING STATEMENTS

This document contains statements about the Stillcanna Group and the Sativa Group which are, or may be deemed to be, 'forward-looking statements' and which are prospective in nature. All statements other than statements of historical fact included in this document may be forward-looking statements. They are based on current expectations and projections about future events, and are therefore subject to risks and uncertainties which could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of forward-looking words such as "plans", "expects", "is expected", "is subject to", "budget", "scheduled", "estimates", "forecasts", "predicts", "intends", "anticipates", "believes", "targets", "aims", "projects", "future-proofing" or words or terms of similar substance or the negative of such words or terms, as well as variations of such words and phrases or statements that certain actions, events or results "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations. Forward-looking statements may include statements relating to the following: (i) future capital expenditures, expenses, revenues, earnings, synergies, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects; (ii) business and management strategies and the expansion and growth of the Stillcanna Group's or the Sativa Group's operations and potential synergies resulting from the Acquisition; and (iii) the effects of global economic conditions and governmental regulation on the Stillcanna Group's or the Sativa Group's business.

Such forward-looking statements involve known and unknown risks and uncertainties that could significantly affect expected results and are based on certain key assumptions. Many factors may cause the actual results, performance or achievements of the Stillcanna Group or the Sativa Group to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These factors include changes in the global, political, economic, business, competitive, market and regulatory forces, future exchange and interest rates, changes in tax rates and future business combinations or disposals. Each of the Stillcanna Group and the Sativa Group, and each of their respective members, directors, officers, employees, advisers and persons acting on their behalf expressly disclaims any intention or obligation to update or revise any forward-looking or other statements contained in this document, whether as a result of new information, future events or otherwise, except as required by applicable law.

For a discussion of important factors which could cause actual results to differ from forward-looking statements in relation to the Stillcanna Group, please refer to the Filing Statement, a copy of which is expected to be available on SEDAR (www.sedar.com) under Stillcanna's existing issuer profile on or before 28 July 2020 (subject to CSE approval), and in relation to the Sativa Group, please refer to the annual report and accounts of the Sativa Group for its financial year ended 31 December 2019, respectively.

No member of the Stillcanna Group or the Sativa Group, nor any of their respective associates, directors, officers, employees or advisers provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this document will actually occur.

Except as expressly provided in this document, no forward-looking or other statements have been reviewed by the auditors of the Stillcanna Group or the Sativa Group. All subsequent oral or written forward-looking statements attributable to any member of the Stillcanna Group or any member of the Sativa Group, or any of their respective associates, directors, officers, employees or advisers, are expressly qualified in their entirety by the cautionary statement above.

DEALING DISCLOSURE REQUIREMENTS

Under Rule 8.3(a) of the Code, any person who is interested in 1% or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) of the Code applies must be made by no later than 3.30 pm (London (England) time) on the 10th Business Day following the commencement of the Offer Period and, if appropriate, by no later than 3.30 pm (London (England) time) on the 10th Business Day following the Announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1% or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror, save to the extent that these details have previously been disclosed under Rule 8 of the Code. A Dealing Disclosure by a person to whom Rule 8.3(b) of the Code applies must be made by no later than 3.30 pm (London (England) time) on the Business Day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3 of the Code.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4 of the Code).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Panel's website at www.thetakeoverpanel.org.uk including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

ROUNDING

Certain figures included in this document have been subjected to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

SCHEME PROCESS

In accordance with Rule 5 of Appendix 7 of the Code, Sativa will announce through a Regulatory Information Service key events in the Scheme process including fact and the outcomes of the Court Meeting, the General Meeting and the Court Hearing.

Unless otherwise consented to by the Panel, any revision to the Scheme will be made no later than the date which is 14 days prior to the Court Meeting and the General Meeting (or any later date to which such Meetings are adjourned).

In accordance with Rule 11 of Appendix 7 of the Code, if the Scheme lapses or is withdrawn all documents of title and other documents lodged with any form of election will be returned as soon as practicable and in any event within 14 days of such lapse or withdrawal.

ELECTRONIC COMMUNICATIONS

Please be aware that addresses, electronic addresses and certain information provided by Shareholders, persons with information rights and other relevant persons for the receipt of communications from Sativa may be provided to Stillcanna during the Offer Period as requested under Section 4 of Appendix 4 of the Takeover Code to comply with Rule 2.11(c) of the Takeover Code.

PUBLICATION ON WEBSITE

A copy of this document (together with any document incorporated by reference) and the documents required to be published pursuant to Rule 26.1 of the Code are and will be available, free of charge, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, on Sativa's website at <https://sativagroup.co.uk/cbd-medical-cannabis-investor-information/scheme-of-arrangement/> during the course of the Offer Period. The contents of Sativa's website are not incorporated into, and do not form part of, this document.

RIGHT TO RECEIVE COPIES IN HARD COPY FORM

Any person entitled to receive a copy of documents, announcements and information relating to the Acquisition is entitled to receive such documents (including information incorporated by reference into such documents by reference to another source) in hard copy form. Such person may request that all future documents, announcements and information in relation to the Acquisition are sent to them in hard copy form.

Sativa will provide without charge to each person to whom a copy of this Scheme Document has been delivered (upon the written or oral request of such person) a hard copy of any document relating to it which is incorporated by reference into this Scheme Document. You may request a hard copy of any such documents by contacting Anne Tew, Company Secretary, at Anne.Tew@sativagroup.co.uk between 8.30 a.m. to 5.30 p.m., Monday to Friday (except for public holidays in England and Wales) or by submitting a request in writing to Anne Tew, The Blue Building Stubbs Lane, Beckington, Frome, Somerset, England, BA11 6TE. Copies of any document or information incorporated by reference into this Scheme Document will not be provided unless such a request is made.

DEFINITIONS AND INTERPRETATION

Definitions used in this document are as defined in Part 9 unless defined elsewhere herein or the context requires otherwise.

Unless otherwise indicated, all references in this document to "**sterling**", "**pounds sterling**", "**£**", "**pence**", "**penny**" or "**p**" are to the lawful currency of the UK.

Unless otherwise indicated, all references in this document to "**dollars**", "**Canadian dollars**", "**CAD**", "**\$**" or "**cents**" are to the lawful currency of Canada.

Words importing the singular shall include the plural and vice versa. Words importing the masculine gender shall include the feminine or neutral gender and vice versa.

The terms "**parent undertaking**" and "**subsidiary undertaking**" shall have the same meanings as defined in section 1162 of the Companies Act and references to "**parent**" and "**subsidiary**" shall be interpreted accordingly.

All references to a statutory provision or law or to any order or regulation shall be construed as a reference to that provision or law, order or regulation as extended, modified, replaced or re-enacted from time to time.

This document is dated 22 July 2020.

CONTENTS

COMPANY AND ADVISER INFORMATION	8
EXPECTED TIMETABLE OF PRINCIPAL EVENTS.....	9
ACTION TO BE TAKEN	10
PART 1 - LETTER FROM THE CHAIRMAN	12
PART 2 - EXPLANATORY STATEMENT.....	30
PART 3 - SCHEME OF ARRANGEMENT.....	52
PART 4 - CONDITIONS TO THE IMPLEMENTATION OF THE SCHEME AND TO THE ACQUISITION	58
PART 5 - FINANCIAL INFORMATION ON SATIVA	63
PART 6 - FINANCIAL INFORMATION ON STILLCANNNA GROUP.....	64
PART 7 - ADDITIONAL INFORMATION ON THE SATIVA GROUP AND THE STILLCANNNA GROUP	65
PART 8 – UNITED KINGDOM AND CANADIAN TAXATION.....	86
PART 9 - DEFINITIONS	89
PART 10 - NOTICE OF COURT MEETING	98
PART 11 - NOTICE OF GENERAL MEETING	100
APPENDIX I – DESCRIPTION OF STILLCANNNA SHARES	105

COMPANY AND ADVISER INFORMATION

Company name	Sativa Group Plc
Company number	11118594
Directors	Henry Lees-Buckley Joseph Tregonning Colliver Jonathan Peter Wearing Geremy Howard Prance Thomas Angus Jeremy Kerr Mark Blower
Company secretary	Anne Ruth Tew
Registered office	The Blue Building Stubbs Lane Beckington Frome Somerset BA11 6TE United Kingdom
Website	www.sativagroup.co.uk
Financial adviser to Sativa	Peterhouse Capital Limited 3 rd Floor 80 Cheapside London EC2V 6EE United Kingdom
Legal adviser to Sativa as to English law	Hill Dickinson LLP The Broadgate Tower 20 Primrose Street London EC2A 2EW United Kingdom
Legal adviser to Sativa as to Canadian law	McMillan LLP Brookfield Place 181 Bay Street, Suite 4400 Toronto, Ontario Canada M5J 2T3
Legal adviser to Stillcanna as to English law	Campbell Johnston Clark Limited 59 Mansell Street London E1 8AN United Kingdom
Legal adviser to Stillcanna as to Canadian law	Macdonald Tuskey 409 - 221 W. Esplanade North Vancouver British Columbia Canada V7M 3J3
Registrars	Neville Registrars Limited Neville House Steelpark Road Halesowen West Midlands B62 8HD United Kingdom

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Date of circulation of this document	22 July 2020
Latest time for lodging Form of Proxy for the Court Meeting (blue form)	11.00 am on 13 August 2020 ⁽¹⁾
Latest time for lodging Form of Proxy for the General Meeting (white form)	11.15 am on 13 August 2020 ⁽²⁾
Voting Record Time for the Court Meeting and the General Meeting	6.00 pm on 13 August 2020 ⁽³⁾
Court Meeting	11.00 am on 17 August 2020
General Meeting	11.15 am on 17 August 2020 ⁽⁴⁾
Stillcanna Shareholder Meeting	27 August 2020
Expected Scheme Record Time	6.00 pm on 28 August 2020 ⁽⁵⁾
Court hearing to sanction the Scheme	28 August 2020 ⁽⁵⁾
Last day of dealings in, and for registration of transfers of, Sativa Shares	28 August 2020
Expected Effective Date	1 September 2020 ⁽⁵⁾
Expected cancellation of the admission to trading on AQSE of, and cessation of dealings in, Sativa Shares	2 September 2020 ⁽⁵⁾
Expected Latest date for settlement and listing on the CSE of the New Stillcanna Shares due under the Scheme (as appropriate)	15 September 2020
Longstop Date	30 September 2020 ⁽⁶⁾

Notes:

References to times are to London (England) time.

(1) The **BLUE** Form of Proxy for the Court Meeting must be lodged by the time stated above in order to be valid or, if the Court Meeting is adjourned, not later than 48 hours (excluding non-business days) before the time fixed for the holding of the adjourned meeting.

(2) The **WHITE** Form of Proxy for the General Meeting must be lodged by the time stated above in order to be valid or, if the General Meeting is adjourned, not later than 48 hours (excluding non-business days) before the time fixed for the holding of the adjourned meeting.

(3) If either the Court Meeting or the General Meeting is adjourned, the Voting Record Time of the adjourned meeting(s) will be 6.00 pm on the second Business Day before the day fixed for the adjourned meeting.

(4) The General Meeting will commence at 11.15 am on the day of the Court Meeting or as soon as possible after the Court Meeting has been concluded or adjourned.

(5) These dates are indicative only and will depend, among other things, on the date upon which (i) the Conditions are satisfied or (if capable of waiver) waived; (ii) the Court sanctions the Scheme; and (iii) the Court Order is delivered to the Registrar of Companies.

(6) The Longstop Date is the latest date by which the Scheme may become effective. However, the Longstop Date may be extended to such later date as the Company and Stillcanna may agree in writing (with the Panel's consent and as the Court may approve (should such approval(s) be required)).

ACTION TO BE TAKEN

The Court Meeting and the General Meeting will be held at **The Blue Building, Stubbs Lane, Beckington, Frome, Somerset, BA11 6TE, United Kingdom**, on 17 August 2020 at 11.00 am and 11.15 am, respectively (or, in the case of the General Meeting, as soon thereafter as the Court Meeting has been concluded or adjourned). The Scheme requires approval at both of these meetings.

1. Documents

Please check you have received the following with this document:

- a blue Form of Proxy for use in respect of the Court Meeting;
- a white Form of Proxy for use in respect of the General Meeting; and
- a prepaid envelope for use in the United Kingdom.

If you have not received all of these documents, please contact Neville Registrars on the telephone number set out in the paragraph under the section heading "Helpline" below.

2. To vote on the Scheme proposals

PLEASE COMPLETE AND SIGN both the enclosed white and blue Forms of Proxy and return them in accordance with the instructions provided thereon, as soon as possible, but in any event so as to be received by no later than 11.00 am on 13 August 2020 in the case of the blue Form of Proxy in respect of the Court Meeting and by no later than 11.15 am on 13 August 2020 in the case of the white Form of Proxy in respect of the General Meeting. **This will enable your votes to be counted at the Meetings as there will be no live voting during the course of the Meetings as explained on page 2.** Unless the Forms of Proxy are returned by the relevant time specified above (or, in the case of adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting (excluding any day that is not a Business Day)), they will be invalid. Both Forms of Proxy should be returned in the prepaid envelope provided for use in the United Kingdom for your convenience in returning them.

The completion and return of a Form of Proxy will not prevent you from virtually attending the Court Meeting or the General Meeting, or any adjournment thereof, should you wish to do so.

Sativa Shares held in uncertificated form

If you hold your Sativa Shares in CREST you may vote using the CREST proxy voting service in accordance with the procedures set out in the CREST Manual (please also refer to the notices of the Meetings and the accompanying notes to the notice of the General Meeting set out at the end of this document). Proxies submitted via CREST (under CREST participant 7RA11) must be received by the Registrars, Neville Registrars, not later than 11.00 am on 13 August 2020 in the case of the Court Meeting and by 11.15 am on 13 August 2020 in the case of the General Meeting (or, in the case of an adjourned meeting, not less than 48 hours prior to the time and date set for the adjourned meeting (excluding any day that is not a Business Day)).

The submission of a proxy via CREST will not prevent you from virtually attending at either the Court Meeting or the General Meeting, or any adjournment thereof, should you wish to do so.

IT IS IMPORTANT THAT, FOR THE COURT MEETING, AS MANY VOTES AS POSSIBLE ARE CAST SO THAT THE COURT MAY BE SATISFIED THAT THERE IS A FAIR AND REASONABLE REPRESENTATION OF THE OPINION OF SCHEME SHAREHOLDERS. YOU ARE THEREFORE STRONGLY URGED TO SIGN AND RETURN YOUR FORMS OF PROXY OR APPOINT A CREST PROXY AS SOON AS POSSIBLE AS THERE WILL BE NO LIVE VOTING DURING THE COURT MEETING.

3. To virtually attend the Meetings

Due to the current COVID-19 situation, arrangements for the Court Meeting and the General Meeting will need to differ from usual practice. In keeping with the Government's current COVID-19 health and safety advice, it is proposed that the meeting be held with a board quorate only and that shareholders **will not be able to attend the Meetings in person**. To ensure that Scheme Shareholders can still participate in an orderly and safe Court Meeting and General Meeting, it is proposed that the Meetings be held virtually via an electronic platform. Scheme Shareholders will be able to hear the Meetings' chairman and to submit questions on the resolutions and business of the Meetings. It is proposed that specific questions can be submitted prior to the Meetings and in real-

time during the Court Meeting and the General Meeting. These measures are required in order to safeguard Shareholders' health and in order to make the AGM as safe and efficient as possible. The Company is invoking certain of the meetings provisions in the Companies Act 2006 and its articles of association. These provisions allow the Company to use facilities and measures that it considers to be adequate, and for the Company to make arrangements for the safety and security of Shareholders in line with COVID-19 safety advice.

IF YOU ARE A SHAREHOLDER AND WISH TO ATTEND EITHER THE COURT MEETING OR THE GENERAL MEETING, PLEASE REQUEST A HYPERLINK AND PASS CODE TO THE MEETING BY CONTACTING ANNE TEW, COMPANY SECRETARY, AT ANNE.TEW@SATIVAGROUP.CO.UK.

Helpline

If you have any questions relating to this document or the completion and return of the Forms of Proxy, please call the Registrars, Neville Registrars on 0121 585 1131. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 am and 5.00 pm, Monday to Friday excluding public holidays in England and Wales. Please note that Neville Registrars cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

This section should be read in conjunction with the rest of this document.

PART 1 - LETTER FROM THE CHAIRMAN

Directors:

Henry Lees-Buckley (*Chief Executive Officer*)
Joseph Tregonning Colliver (*Chief Financial Officer*)
Jonathan Peter Wearing (*Non-Executive Chairman*)
Geremy Howard Prance Thomas (*Non-Executive Deputy Chairman*)
Angus Jeremy Kerr (*Non-Executive Director*)
Mark Blower (*Non-Executive Director*)

Registered Office:

The Blue Building
Stubbs Lane
Beckington
Frome
Somerset
United Kingdom
BA11 6TE

22 July 2020

To: Sativa Shareholders and, for information only, persons with information rights and holders of Sativa Options and Sativa Warrants

Dear Sir or Madam

Recommended proposals for the Acquisition of Sativa by Stillcanna to be effected by way of scheme of arrangement

1. Introduction

On 3 June 2020, the boards of Sativa and Stillcanna announced that they had reached agreement on the terms of a recommended share for share exchange offer for the entire issued share capital of Sativa by Stillcanna. It is intended that the Acquisition will be implemented by way of a Court-sanctioned scheme of arrangement between Sativa and Scheme Shareholders pursuant to Part 26 of the Companies Act.

Stillcanna, a Canadian Company listed on the Canadian Securities Exchange (ticker code: STIL), is a leader in cannabinoid extraction and agriculture. It is focused on the large-scale manufacturing of CBD in Europe and has built two high volume extraction facilities, positioning itself as a leader in the seed to CBD supply. Stillcanna designed its two extraction facilities, running at capacity, to make Stillcanna Europe's largest producer of bulk CBD Distillate and CBD Isolate. Stillcanna's facility in Romania was built under a joint venture shareholders' agreement with Dragonfly Biosciences of the UK. Stillcanna's second extraction facility is built in Poland and operates under Stillcanna's wholly owned subsidiary Olimax NT. Stillcanna engineered its own proprietary closed loop ethanol extraction systems which Stillcanna believes allows it to extract CBD at a lower cost. Stillcanna's shares are presently traded, or otherwise quoted, on the Canadian Securities Exchange, the OTC Pink in the United States and the Open Market of the Frankfurt Stock Exchange.

This letter sets out the background to the Acquisition and the reason why the Board considers the Acquisition to be fair and reasonable, and why it is unanimously recommending that Shareholders vote in favour of the Scheme at the Court Meeting and the Resolution to be proposed at the General Meeting (as all of the Sativa Directors who own or control Sativa Shares have irrevocably undertaken to do in respect of their own holdings, as set out in paragraphs 3 and 8 of this Part 1 below).

This document also contains notices of the Meetings at which the Scheme will be put to Sativa Shareholders.

2. Summary of the terms and structure of the Acquisition

Under the terms of the Acquisition, which is subject to the Conditions and further terms set out in Part 4 (*Conditions to the implementation of the Scheme and to the Acquisition*) of this document, Scheme Shareholders whose names appear on the register of members of Sativa at the Scheme Record Time will be entitled to receive:

For each Sativa Share

0.33507 New Stillcanna Shares

This Exchange Ratio attributes an implied value for the entire existing issued share capital of Sativa of approximately £10,662,680 (based on the closing price of CAD 0.095 per Stillcanna Share on 21 April 2020, being the last Business Day in Toronto prior to the Possible Offer Announcement Date and using an exchange rate of CAD 0.5885/£1).

At the value implied by the Exchange Ratio, the Offer represents a discount of approximately:

- 28.6 per cent. to the middle market closing price of 2.6 pence per Sativa Share on 21 April 2020 (being the last Business Day in London prior to the Possible Offer Announcement Date, and Sativa Shares being suspended from trading); and
- 42.4 per cent. to the volume weighted average price per Sativa Share of 3.25 pence over the three month period ended on and including 21 April 2020 (being the last Business Day in London prior to the Possible Offer Announcement Date, and Sativa Shares being suspended from trading).

It is the opinion of the Sativa Board that the transaction represents a truly unique opportunity to create a leading European CBD seed to consumer business, through the combination of two companies delivering good synergy with minimal overlap. Although the Exchange Ratio represents a discount to the Sativa Share price, a fundraise would require a significant discount in the current market conditions, and the Board unanimously believes that the strength of Stillcanna's balance sheet, particularly the CAD 6.7m (circa £3.9m) of cash and cash equivalents reported in its recently published interim financial statements for the period ended 31 January 2020, and the strength of the Stillcanna asset register including the development of two CBD extraction plants, significant agricultural plant & machinery and land to cultivate hemp, and the intellectual property and industry expertise developed internally within Stillcanna, outweigh the negatives of the transaction proceeding at a discount to the existing price per Sativa Share.

Following the successful completion of the Acquisition, Scheme Shareholders will hold approximately 65 per cent. of the Combined Group and Stillcanna Shareholders will hold 35 per cent. of the Combined Group, including all option and warrant instruments outstanding on a fully diluted basis.

The purpose of the Scheme is to provide for Stillcanna to become the owner of the entire issued and to be issued ordinary share capital of Sativa. This is to be achieved by the transfer by Scheme Shareholders of all of the Scheme Shares to Stillcanna, in consideration for which, Scheme Shareholders will receive the New Stillcanna Shares on the basis of the Exchange Ratio. The transfer to Stillcanna of the Scheme Shares will result in Sativa becoming a wholly-owned subsidiary of Stillcanna.

Conditions to the Scheme

Implementation of the Scheme is subject to, amongst other things, the approval of the Scheme by a majority in number of the Scheme Shareholders present and voting by proxy at the Court Meeting, representing not less than 75 per cent. in value of the Scheme Shares held by such Scheme Shareholders, passing of the special resolution necessary to implement the Scheme at the General Meeting, the sanction of the Scheme by the Court, Stillcanna obtaining the approval of a majority of Stillcanna Shareholders at the Stillcanna Shareholder Meeting and Stillcanna having taken all necessary actions so that the New Stillcanna Shares begin trading, and the existing Stillcanna Shares resume trading, on the CSE, OTC Pink and the FSE by not later than 14 days after the Effective Date. It is expected that the Scheme will become Effective on 1 September 2020, subject to the Conditions and certain further terms set out in Part 4 (*Conditions to the implementation of the Scheme and to the Acquisition*) of this Scheme Document. This date is indicative only and will depend, among other things, on the date upon which the Court sanctions the Scheme.

The Scheme can only become Effective in accordance with its terms if all the Conditions have been satisfied or, where relevant, waived. Subject to satisfaction (or, where applicable, waiver) of the Conditions, the Scheme is expected to become Effective in accordance with its terms by the Longstop Date or such later date (if any) as Stillcanna or Sativa may agree, and (if required) the Panel and the Court may allow.

The transaction constitutes a material change of business for Stillcanna pursuant to policy 8 of the CSE. Accordingly, Stillcanna Shares were halted from trading on the CSE with effect from 8.42 a.m. PST on 17 April 2020 pending completion of the Acquisition. As a consequence of the trading halt on the CSE, the OTC Pink and the FSE also halted trading in the Stillcanna Shares on 17 April 2020 pending completion of the Acquisition. As a consequence of these halts, the AQSE also suspended trading in the Sativa Shares on 22 April 2020 pending a firm intention to make an offer pursuant to Rule 2.7 of the Takeover Code with trading resuming on 4 June 2020. Upon completion of the Acquisition, Stillcanna will resume trading under its existing issuer name "Stillcanna" and ticker "STIL". As the Acquisition constitutes a fundamental change of the Stillcanna business, Stillcanna is expected to publish a Filing Statement on or before 28 July 2020 in respect of the Acquisition (subject to CSE approval), which is expected to be available on SEDAR (www.sedar.com), under Stillcanna's existing issuer profile. Completion of the Acquisition will be subject, inter alia, to Stillcanna obtaining the approval of the CSE, as well as the approval of a majority of Stillcanna Shareholders at the Stillcanna Shareholder Meeting. In connection with the resolutions proposed to be put to Stillcanna Shareholders at the Stillcanna Shareholder Meeting, Sativa

has obtained undertakings to vote in favour of the Acquisition from certain Stillcanna Shareholders in respect of the 35,820,212 Stillcanna Shares and representing approximately 32.3 per cent. of Stillcanna's existing issued and outstanding share capital.

The Court Meeting and the General Meeting will be held at 11.00 a.m. and 11.15 a.m. respectively on 17 August 2020 at The Blue Building, Stubbs Lane, Beckington, Frome, Somerset, BA11 6TE, United Kingdom. The Scheme must also be sanctioned by the Court at the Court Hearing. All Scheme Shareholders are entitled to virtually attend the Court Hearing in person or by proxy, with voting only being permitted by proxy.

Once the Scheme becomes Effective, it will be binding on all Scheme Shareholders, whether or not they voted in favour of the Scheme and related issues at the Court Meeting and at the General Meeting.

Under the terms of the Scheme, the Sativa Shares being acquired will be fully paid and free from all liens, equities, charges, encumbrances, options, rights of pre-emption and any other third party rights and interests of any nature whatsoever (except for any arising by operation of law) and together with all rights attaching or accruing to them, including voting rights and the right to receive and retain in full all dividends and other distributions (if any) declared, made or paid on or after the Effective Date.

If, after the Announcement Date but prior to the Effective Date, any dividend or other distribution is declared, paid or made or payable by Sativa, Stillcanna will have the right to reduce the consideration payable under the Offer in respect of a Scheme Share by making an adjustment to the Exchange Ratio so as to reduce the implied value under the terms of the Acquisition by an amount up to the amount of such dividend or distribution. To the extent that such a dividend or distribution has been declared, paid, made or is payable or will be: (i) transferred pursuant to the Acquisition on a basis which entitles Stillcanna to receive the dividend or distribution and to retain it; or (ii) cancelled, the Exchange Ratio will not be subject to any such change. Any exercise by Stillcanna of its rights referred to in this paragraph will be the subject of an announcement and, for the avoidance of doubt, will not be regarded as constituting any revision or variation of the Acquisition.

Fractional entitlements

Fractional entitlements to New Stillcanna Shares for each Scheme Shareholder will be rounded up to the nearest integral number.

3. Recommendation of the Acquisition

The Sativa Board, who have been advised by Peterhouse (who are providing independent financial advice to the Sativa Board for the purposes of Rule 3 of the Code) as to the financial terms of the Acquisition, considers the terms of the Acquisition to be fair and reasonable. In providing its financial advice to the Sativa Directors, Peterhouse has taken into account the commercial assessments of the Sativa Directors.

Accordingly, the Sativa Directors believe that the terms of the Acquisition are in the best interests of Sativa Shareholders as a whole and **unanimously recommend that Sativa Shareholders vote in favour of the resolutions to be proposed at the Court Meeting and the General Meeting** (or, in the event that the Acquisition is implemented by way of a Takeover Offer, to accept or procure the acceptance of such Takeover Offer).

Each Sativa Director who holds Sativa Shares has irrevocably undertaken to vote in favour of the Scheme and the Resolution in respect of their own beneficial holdings of Sativa Shares, amounting to, in aggregate, 240,050,000 Sativa Shares representing approximately 42.17% of Sativa's share capital in issue on 21 July 2020 (being the latest practicable date before the release of this document).

4. Background to, and reasons for, the Acquisition

Background to the Acquisition

Sativa, through its subsidiaries, operates five separate businesses: Goodbody Botanicals, Sativa's primary retail subsidiary which sells CBD products online and on the high street; Goodbody Wellness, Sativa's high street retail store offering and prestige CBD wellness centre brand; Tessellate Collective, a bespoke direct sales channel operated through a custom-built social marketing platform; PhytoVista Laboratories, an independent analytical hemp and CBD testing facility providing support to retailers, distributors and manufacturers by expertly testing the cannabinoid level of the hemp and CBD products they are supplying and also for contaminants; and Sativa Cultivation and Extraction, which cultivates and extracts high THC medicinal cannabis under Home Office licence for research purposes, to fulfil its research partnership with King's College London, and continued research by the Sativa Group into the formulation of veterinary CBD medicines.

Stillcanna, through its subsidiaries Borganic and Olimax NT, has built two high volume extraction facilities – one in Romania ("**Origin Facility**") and one in Poland ("**Nexus Facility**"). The Origin Facility, a joint venture between

Borganic and Dragonfly Biosciences of the UK is based in the municipality of Bailesti in the southwestern region of Dolj in Romania. The Origin Facility is a custom engineered, closed loop ethanol extraction system dedicated to the extraction of bulk CBD Isolate and CBD Distillate in bulk designed to process up to 3,000 pounds of industrial hemp biomass daily. The facility has been built to EU GMP (Good Manufacturing Practices) standards. The Nexus Facility, based in Bilcza, Kielce in southern Poland implements a closed-loop ethanol extraction system cooled with liquid nitrogen throughout its multi-step process. The entire finished system flows from initial soaking and winterization to filtration, distillation, purification and finally chromatography to produce both CBD Distillate and CBD Isolate. The installed commercial-scale falling film distillation units are capable of distilling up to 7,200 litres of CBD rich ethanol per day. The Nexus Facility is designed to comply to Hazard Analysis Critical Control Points (HACCP) standards, and is implementing a food safety management system.

For some time, Stillcanna has been seeking a partnership with or acquisition of a company that could enhance its core competencies. In particular, as Stillcanna's existing business focuses on the larger scale production of hemp-based products through agriculture and extraction, it wanted to expand its industry footprint into the retail, medical and testing space and Sativa meets all these requirements. Likewise, Sativa has also been open to new strategic opportunities that the Sativa Board considers would be in the best interests of the Sativa Shareholders and which would be a good fit with Sativa's existing operations. The Sativa Board believe that a company with large scale capacity to cultivate and extract would be the sort of opportunity that would be in Sativa's best interests.

Stillcanna, after being introduced to Sativa by an existing shareholder, opened discussions with the Sativa Board. Discussions progressed well and it was clear to both parties that the businesses operated by Sativa and Stillcanna would complement one another and that by completing the Acquisition, the Combined Group would be able to operate a fully integrated seed to consumer CBD business with Stillcanna's agriculture and extraction facilities being able to deliver a steady flow of active ingredient at favourable pricing, PhytoVista Laboratories being able to provide analytical testing of the product developed and Sativa having multiple retail arms pursuant to which it can sell products utilising the product produced by Borganic and Olimax NT.

It is envisioned that completion of the Acquisition to create the Combined Group will increase access to capital for the medium term, which will enable the Combined Group to further develop the various elements of its businesses. In particular, Stillcanna is listed on the CSE, but its shares are also traded or otherwise quoted on the OTC Pink in the United States and the FSE in Germany. In addition to this, it is intended that Stillcanna will also list its shares on the Aquis Stock Exchange Growth Market in London, simultaneously with the Scheme becoming effective or shortly thereafter, and by ensuring access to these international markets, it is hoped that the Combined Group will be able to benefit from greater access to capital and shareholders should be able to enjoy greater liquidity when trading in the shares of the Combined Group.

The continued business of both Sativa and Stillcanna in Europe and within the European Union will require additional certifications including a Novel Food certification issued by the European Food Standards Agency (EFSA) by 31 March 2021. Stillcanna has retained a UK based award winning regulatory and quality compliance consultancy to compile its Novel Foods Authorisation dossier for its CBD products, which includes documentation requirements included in the EFSA Completeness Checklist, stability tests on end products, as well as toxicology tests on product ingredients (CBD Isolate and CBD Distillate). Both Stillcanna and Sativa have invested considerable time and effort in planning their respective Novel Food applications, including liaising with regulatory consultants and trade bodies to ensure high quality submissions. The merger of the two companies will bring together the in-house expertise in terms of Stillcanna's deep understanding of the manufacture of hemp cultivation and CBD extraction, and Sativa's end product formulation, laboratory testing expertise under PhytoVista Laboratories, and practical knowledge of the regulatory landscape including controlled substances and product labelling. The Combined Group working on a joint Novel Food submission will generate cost saving synergies in terms of compiling data, regulatory consultants and product SKU rationalisation.

Sativa's and Stillcanna's beliefs and visions for the Cannabis industry are aligned, and both companies feel strongly that only a fully integrated seed to consumer business will have the pricing, products, and stability to meet the cannabis market demand in the medium term. For Sativa, which focuses on retail, wellness, medical and veterinary research and product testing, a secure steady compliant source of active ingredients in order to maintain product stability moving forward was a requirement. Stillcanna, with both agricultural and extraction capabilities along with its dedication to be completely EU compliant, met the core requirements of Sativa. The combination of the two groups creates a diverse end-to-end, seed to consumer organisation that is completely self-reliant and both companies feel that only this type of corporate structure has stability moving forward.

The Acquisition will allow for the creation of a management team incorporating a combination of expertise in agriculture and extraction from the Stillcanna team, and the retail, medicinal cannabis and analytical testing areas in which Sativa is active. Both Stillcanna and Sativa have various expert employees and the combination of the two groups will enable them to work together to build a strong, coherent team in the CBD and medical cannabis sector.

The CBD wellness and medicinal cannabis sector is highly fragmented and both the Stillcanna Board and the Sativa Board feel that the Combined Group offering wider variety of products and services within the industry would have more resilience as the market matures and defines itself. The Sativa Group provides Stillcanna with the brand penetration and market access it was seeking while adding to its core competencies. The Stillcanna Group's agricultural and extraction expertise can supply the medical and wellness markets of Sativa with the active ingredients it requires in a safe, reliable, compliant and price effective manner. It was with all of this in mind and after the initial due diligence that Stillcanna tendered its offer.

Reasons for the recommendation of the Acquisition at the time of the Announcement

The Sativa Board believes that the combination of Sativa and Stillcanna will allow for the creation of a fully integrated seed to consumer group with the pricing, products, and stability to meet the cannabis market demand in the medium term.

In Europe, the CBD wellness and medicinal cannabis sectors are in the early stages of evolution and the Sativa Group is well positioned to prosper as the industry evolves and matures. As highlighted above, new industry regulations for CBD are being implemented by the UK and EFSA in which CBD is termed a "Novel Food". The new regulations will require all manufacturers to have a comprehensive compliance application submitted by 31 March 2021. The compliance requirements are significant and the Combined Group welcomes the new quality standards, as both the Sativa Board and the Stillcanna Board believe that they will set a high bar for all manufacturers and will result in low quality competitors falling away.

The Sativa Group already has a stable of very high-quality products supported by its independent analytical testing laboratory business operated by PhytoVista Laboratories. It is believed that the key to the future will be to truly control the supply chain from seed to consumer. This means having control and testing of biomass and CBD extraction processes coupled with the manufacturing and testing of finished consumer products. The proposed Acquisition will ensure that the Combined Group has these capabilities.

The combination of Sativa with Stillcanna is a critical next step in the creation of a truly optimised seed to consumer business. The Sativa Group is a leading quoted UK CBD wellness and medicinal cannabis group with manufacturing and testing of high-quality CBD wellness products and brands. The key ingredient for all Sativa's products is CBD, which is currently bought on the market. Stillcanna is a large European producer of CBD which cultivates hemp biomass, and has full extraction and laboratory testing capabilities producing high quality CBD Isolate and CBD Distillate. The combining of these two companies will deliver good synergy, is complementary with Sativa's existing business, and will result in an organisation that truly has full control of its products from seed to consumer. This will be critical in the context of the new "FSA Novel Food" environment.

The combination of Sativa and Stillcanna will create a strong European competitor in both CBD and CBD wellness brands and will create a platform from which to expand product sales to other European countries.

5. Information relating to the Stillcanna Group

Stillcanna is a publicly quoted Canadian company with its head office in Vancouver, Canada. Stillcanna was incorporated on 14 February 2011 with the name Symbio Capital Corp. On 6 August 2014, it changed its name to Blackeagle Development Corp and on 29 June 2016 it changed its name again to EVI Global Developments Corp. Subsequently, on 15 March 2019 it changed its name to Stillcanna Inc and continues to operate under that name. Stillcanna Shares were initially admitted to trading on the TSX-V in Toronto on 2 May 2012 and were subsequently delisted on 21 September 2015 when the Stillcanna Shares were admitted to trading on the CSE. The Stillcanna Shares were subsequently quoted on the OTC Pink on 31 May 2019 and on the FSE on or around 1 March 2019. On 15 March 2019, Stillcanna changed its business from being a mining company to a life science company.

Stillcanna operates the business of manufacturing CBD products for the European and global bulk markets via three wholly-owned subsidiaries, namely Olimax NT Sp. Z O.O. ("**Olimax NT**"), Olimax Nieruchomości Sp. Z O.O. ("**Olimax RC**") and Borganic Consulting Inc. ("**Borganic**"). In turn, Borganic holds a 49% interest in Premium Extraction Services Ltd ("**PESL**"), a joint venture company incorporated in Bulgaria in which Dragonfly Biosciences Limited ("**Dragonfly**"), a UK-headquartered company, holds the remaining 51%.

Olimax

On 7 May 2019 Stillcanna entered into a share purchase agreement pursuant to which it acquired the entire issued share capital of Olimax NT ("**Olimax Acquisition**"). Olimax NT is a Polish company which operates a hemp agriculture business in Poland. Olimax NT contracts with cultivators who hold the necessary permissions to

cultivate hemp and Olimax has the requisite permissions to process industrial hemp in Poland. Following the acquisition, Stillcanna has built a new extraction facility ("Nexus Facility"), and has confirmed its compliance to Polish General Pharmaceutical Inspectorate regulations through independent legal opinions on existing CBD extraction operations and the preparation of an application for a full license for manufacturing, transforming, converting, import and distribution of narcotics or psychotropic substances in Poland. The Nexus Facility produced its first CBD Isolate in November 2019. The Nexus Facility implements a closed-loop ethanol extraction system cooled with liquid nitrogen throughout its multi-step process. The entire finished system flows from initial soaking and winterization to filtration, distillation, purification and finally chromatography to create both CBD Distillate and Isolate. The installed commercial-scale falling film distillation units are capable of distilling up to 7,200 litres of CBD rich ethanol per day. The Nexus Facility is designed to comply to HACCP standards.

Upon completion of the Olimax Acquisition, Stillcanna procured that Olimax NT planted 1500 hectares of hemp and began construction of a second extraction facility in Poland. The company was building its sales channel and began shipping product to customers in December 2019, but those shipments, and Stillcanna's operations in Poland, have since been interrupted by the COVID-19 pandemic. Stillcanna recommenced manufacturing at its Polish facility at a low level during the week commencing 8 June 2020 as it is now beginning to re-activate its operations in order to take advantage of its opportunity pipeline. However, Olimax NT will be taking a different approach to agriculture in 2020 based on the experience gained in 2019. In particular, it is intended that Olimax NT shall grow its own biomass in Poland and augment that biomass with partnership contracts with European-based farmers that will supply high-grade biomass to the Stillcanna Group. These partnerships are structured as tolling agreements under which hemp growers supply high quality biomass to Olimax without cash payment in exchange for the return, at a set price, of a portion of the CBD isolate extracted from the biomass delivered.

Olimax RC is a real estate holding company, which owns the land used by Olimax NT for hemp cultivation described above.

Borganic

On 15 October 2018 Stillcanna entered into a share exchange agreement pursuant to which it agreed to acquire the entire issued share capital of Borganic, a private Canadian corporation in the CBD industry. The acquisition was completed on 27 February 2019. On 4 December 2018, Borganic signed a joint venture contract with Dragonfly pursuant to which they agreed, via PESL, to build a CBD extraction facility in Romania and Dragonfly would in turn provide a 4 year exclusive extraction contract for CBD to include their 2017, 2018, 2019 and 2020 crops. From August 2018 onward extraction began on the Romanian extraction facility, which is now complete and licenced but not fully operational due to the COVID-19 pandemic. The Origin Facility is a custom engineered, closed loop ethanol extraction system dedicated to the extraction of bulk CBD isolate and distillate, designed to process up to 3,000 pounds of industrial hemp biomass daily. The facility has been built to EU GMP (Good Manufacturing Practices) standards. PESL has secured the required completion of works certificate, Anti-Drug Authority Ruling, Fire Department Approval, Environmental Agency Approval, Police Department Approval and Ministry of Health Ruling and therefore an operating license issued by the municipality of Bailesti was secured in February 2020.

Borganic and Dragonfly are currently in a dispute relating to the implementation of the joint venture shareholders' agreement entered into between them in respect of PESL, in particular around the ongoing management and governance of PESL. Borganic has fully funded the construction of the Origin Facility and feels that it is important that it obtains further contractual protections in order to safeguard its investment. Pursuant to the dispute, legal proceedings have been issued against Dragonfly by Borganic. However, Borganic is in dialogue with Dragonfly and hopes that the outstanding issues can be resolved, without the need for a claim to be served on Dragonfly. It is possible that Dragonfly may initiate its own legal action against Borganic. Irrespective of legal proceedings, Borganic is committed to getting the Romanian extraction facility operational as soon as practicable following the end of COVID-19 pandemic restrictions.

Stillcanna remains true to its core business initiatives to be a large-scale manufacturer of CBD products for the European and global bulk markets and have secured the agricultural requirements and built the extraction facilities to fulfil its business mandate.

6. Information relating to the Sativa Group

Sativa is a publicly quoted English company with its head office in Somerset, England. Sativa was incorporated on 19 December 2017 with the name Sativa Investments plc. On 13 June 2019 the Company's name was changed to Sativa Group plc. Sativa Shares were first admitted to trading on the AQSE on 29 March 2018 as an investment vehicle looking for well-placed opportunities in the medicinal cannabis sector. Sativa fulfilled the investment strategy set out when it was first admitted to the AQSE very quickly, and accordingly announced that it

had moved from being an investment vehicle to a trading company on 8 May 2019, hence the change of company name from “Sativa Investments” to “Sativa Group”.

Sativa is the holding company for the Sativa Group which operates five separate businesses across the CBD and medicinal cannabis sector. It has five wholly-owned subsidiaries operating these businesses, being Goodbody Botanicals Ltd (“**Goodbody Botanicals**”), Goodbody Wellness Ltd (“**Goodbody Wellness**”), PhytoVista Laboratories Ltd (“**PhytoVista Laboratories**” or “**PVL**”), Sativa Cultivation and Extraction Ltd (“**SC&E**”) and Tessellate Collective Ltd (“**Tessellate**”). In addition, Sativa holds a 60% interest in Sativa Germany GmbH (“**Sativa Germany**”).

Goodbody Botanicals

On 22 June 2018, Sativa entered into a share purchase agreement pursuant to which it acquired the entire issued share capital of Goodbody Botanicals (then called “George Botanicals”). Goodbody Botanicals operates as a retailer selling a wide range of CBD products including gels, balms, capsules, tinctures and more for the wellness market under the slogan “CBD you can trust”. The Goodbody Botanicals brand is distributed throughout the UK, including to major high street retailers, independent wellness retailers and both national and local pharmacies. This channel is supported by the UK’s leading retail and pharmacy distribution partners and is also available online. Goodbody Botanicals not only manufactures their own brands utilising their own production and packaging facility, but also provides white label services to other brands.

Goodbody Wellness

Goodbody Wellness was incorporated as a wholly owned subsidiary of Sativa on 6 February 2019. Operating under the same “Goodbody” brand group as Goodbody Botanicals, Goodbody Wellness is focused on the health & beauty market. Goodbody Wellness products are sold to high-end retail health and beauty stores and are also available through Sativa’s own national chain of Goodbody Wellness specialist retail outlets. The first Goodbody Wellness store was launched in Bath, England on 29 June 2019 in a prime shopping destination in the city to provide a premium consumer experience. Goodbody Wellness has subsequently opened two further stores in Bristol and Cirencester (albeit that those stores are presently closed as a result of the COVID-19 pandemic and may not reopen as a result). In addition, Goodbody Wellness also makes its product line available for sale on its website.

PhytoVista Laboratories

On 2 July 2018, Sativa acquired PhytoVista Laboratories, an English company which operates an independent analytical hemp and CBD testing facility. PVL provides support to retailers, distributors and manufacturers by expertly testing the cannabinoid levels of hemp and CBD products. PVL is one of the UK’s most trusted laboratories operating to GLP (Good Laboratory Practice) and ISO 17025 standards, with the aim of being ISO accredited in 2020. PVL is a leading UK analytical laboratory for the testing of 14 cannabinoids and terpenes using high-performance liquid chromatography (HPLC), and provides pesticides screening, heavy metals testing and mycotoxin analysis services. PVL completed its 4,000th cumulative sample test in March 2020, 90% of which was for external CBD and food manufacturers.

Sativa Cultivation and Extraction

SC&E is a wholly owned subsidiary of Sativa that was formed on 3 August 2018 for the purpose of carrying out research and development in the CBD and medicinal cannabis space. It was issued with a Controlled Drug License for the cultivation, production and possession of high THC content cannabis in the UK with an emphasis on medical research on 15 October 2019 which is due for renewal on 14 October 2020. SC&E entered into a research agreement with King’s College London on 2 April 2019 to research the impact of cannabinoids on inflammation and respiratory conditions. SC&E has also supported the Sativa Group with formulations for research into veterinary CBD medicines.

Tessellate Collective

Tessellate is a wholly owned subsidiary of Sativa which was incorporated on 6 February 2019. Tessellate operates Sativa’s direct sales channel using a model popularized globally in the cosmetics and wellness sectors. Tessellate has over 500 well established direct sellers acting as advocates for the brand and who have access to an easy-to-use and financially rewarding commission plan.

Sativa Germany

Sativa Germany is a German company established to secure licences for the distribution of medical cannabis products in Germany in which Sativa holds a 60% interest. As at the date of this Announcement, Sativa Germany's licence applications are still in progress and no business is carried on by this company as yet.

A video overview of the Sativa Group is available at <https://youtu.be/8s0w9FUL8rs?t=11>.

7. Board, management, employees, benefits and locations

For the reasons set out in paragraph 4 of this Part 1 entitled "Background to, and reasons for, the Acquisition", Stillcanna sees clear, long-term strategic benefit to all stakeholders by the combination of these two complementary businesses.

Stillcanna recognises the significant skills, technical ability and operating experience of the Sativa Board, its management and employees. Accordingly, following completion of the Acquisition, Stillcanna will reconstitute its board with five of the six members of the Sativa Board joining the Stillcanna Board. Further details of the composition of the Stillcanna Board following completion of the Acquisition is set out below.

Stillcanna's Board does not have any plans to make any material changes, either to the continued existence or terms and conditions of employment or in the balance of skills and functions of the management and employees of the Sativa Group or the Stillcanna Group. Accordingly, Stillcanna expects that, following successful completion of the Acquisition, Sativa will operate principally as it does today, but within the Stillcanna organisation. However, it is possible that some aspects of the Sativa Group and Stillcanna Group do have some crossover and therefore this may mean that a small number of changes are required, as a result of the Acquisition.

Shortly following the Effective Date, the directors of the Combined Group will conduct a thorough assessment of the available skillsets of the employees of both the Sativa Group and the Stillcanna Group, which is expected to take up to approximately three months, and, as far as possible, Sativa Group employees will be integrated into the combined team. An initial analysis has not identified any roles as being at risk of redundancy, however if overlapping functions or operational efficiencies are identified, it is anticipated that any required redundancies would be no more than 10% of the total employees of Sativa as at the Effective Date (after accounting for the redundancies conducted prior to the date of this document as detailed in the paragraph below relating to the COVID-19 pandemic), being up to 3 employees, excluding those on zero hours contracts. Stillcanna will, so far as is possible, following conclusion of the assessment, endeavour to reallocate any personnel identified as being at risk within the Combined Group, to avoid redundancies arising as a result of the Acquisition. The Stillcanna Board has given assurances to the Sativa Directors that, following the completion of the Acquisition and notwithstanding the proposed assessments, any redundancies required to be made shall be completed in accordance with the existing contractual and statutory employment rights, and terms and conditions of employment, of all Sativa Group employees. Stillcanna has no intention to make changes to the existing employer contributions into Sativa's auto-enrolment employee pension schemes, the accrual of benefits for existing members, or the admission of new members.

Notwithstanding the above, Sativa had a redundancy process underway prior to the commencement of the Offer Period, which was not related to the proposed Acquisition, but as a result of difficult market circumstances arising as a result of the COVID-19 pandemic. Sativa has, between the Announcement Date and the date of this document, completed this redundancy consultation process, the result of which meant that 8 employees of its workforce were made redundant and 1 employee was redeployed to a new role. This redundancy process has resulted in 1,333,333 Sativa Options issued to those employees made redundant lapsing due to vesting conditions not having been met, in addition to 3,076,923 Sativa Options lapsing due to vesting conditions not having been met from an employee who resigned in December 2019 (together the "**Lapsed Options**").

The initial issue of the Lapsed Options was made possible by Jeremy Thomas (Non-Executive Chairman of Sativa) agreeing to surrender certain Sativa Options previously held by him, conditional always on those Sativa Options being exercised. Therefore, the lapse of Lapsed Options means that the Sativa Options previously surrendered reverted back to Jeremy Thomas. Jeremy Thomas has retained none of the previously surrendered Sativa Options and it has been agreed that 4,410,256 of those Sativa Options will be re-surrendered in order for MIP Shares exchangeable for up to 3,076,923 Sativa Shares be issued to Joseph Colliver and MIP Shares exchangeable for up to 1,333,333 Sativa Shares be issued to Anne Tew. The surrendered Sativa Options were exercisable at 0.5p when originally granted by the Company to Jeremy Thomas, and the Hurdle for the MIP Shares issued is £0.023 per Share, being the market value of the Sativa Shares on the date on which the MIP Shares were awarded. The ability to exchange the MIP Shares issued for Sativa Shares will be exercisable in three tranches, one third will vest on the first anniversary of the date of grant, one third on the second anniversary, and one third on the third anniversary, and, following the Effective Date, any Stillcanna Shares issued will be locked-in for three years under escrow. These proposals for the re-distribution of the Lapsed Options have been discussed with, and approved by, the Stillcanna Board.

It has been agreed that Joseph Colliver and Anne Tew will be paid a bonus of £10,000 each upon completion of the Acquisition, to reflect the additional workload related to due diligence, deal structure, transaction paperwork, documentation and execution.

It has been agreed that Jeremy Thomas will be paid a bonus of £30,000 upon completion of the Acquisition in connection with the provision of services to Sativa, including a considerable amount of additional work to assess the commercial merits of the potential offer and suitability of the Offeror, and to broker and negotiate the terms of the Acquisition. This proposal been discussed with, and approved by, Stillcanna.

Peterhouse (who are providing independent financial advice to the Sativa Board for the purposes of Rule 3 of the Code) as to the terms of the Lapsed Options and bonus payments, considers the terms of the surrender and re-distribution of the Lapsed Options, and award of transaction bonuses to be fair and reasonable.

A core part of both Sativa and Stillcanna's business is research and development. Much of the Sativa Group's research and development is conducted by PhytoVista Laboratories, where new methods of analysing CBD products have been developed. Furthermore, SC&E is carrying out research and development in conjunction with King's College and is also looking at the development of products for use in veterinary practices. Stillcanna carries on its own research and development activities, however those activities are complimentary to those carried on by the Sativa Group and accordingly it is not expected that the Acquisition will impact on the existing business as it is carried on as at the date of this document.

The Directors of Stillcanna and Sativa confirm that there is no intention to redeploy fixed assets of the offeree company post acquisition, save as previously disclosed by Sativa. In particular, Sativa's 2019 Annual Report and Accounts explain that the Directors are undertaking an evaluation of the Group's retail strategy, including the Goodbody Wellness trial stores, in-light of trading conditions associated with the COVID-19 global pandemic.

Currently, the Stillcanna Board is comprised of two officers, its CEO Jason Dussault and its COO Shae de Jaray, and two independent directors, being Bill MacDonald and Warren Robinson. Following completion of the Acquisition, it is intended that the Stillcanna Board will be made up of 6 directors. This will be comprised of Jonathan Wearing as Non-Executive Chairman (Sativa's existing Non-Executive Chairman), Henry Lees-Buckley as Chief Executive Officer (Sativa's existing Chief Executive Officer) and Joseph Colliver as Chief Financial Officer (Sativa's existing Chief Financial Officer), and Non-Executive Directors consisting of Angus Kerr, Mark Blower (each Non-Executive Directors of Sativa) and Jason Dussault (Stillcanna's existing Chief Executive Officer). Jeremy Thomas (Sativa's existing Non-Executive Deputy Chairman) has elected to step down from the Board of Sativa, and will continue to provide advice on strategy and growth as a consultant to the Combined Group. Each of Shae de Jaray, Bill MacDonald and Warren Robinson shall step down as directors of Stillcanna. However, it is anticipated that they shall continue to provide support to the Stillcanna Board going forward as consultants. Anne Tew (Sativa's existing Company Secretary) will perform the role of Corporate Secretary of the Combined Group.

As set out in paragraph 10 of this Part 1, Stillcanna intends to seek a listing of the Stillcanna Shares to trade on AQSE from or shortly after the Effective Date.

The Stillcanna Board has confirmed that, following the completion of the Acquisition, the head office of the Combined Group will be Sativa's existing head office in Somerset (subject to the receipt of tax planning advice) and that Stillcanna's registered office will remain in Vancouver, although the location in Vancouver may change when the current lease expires in 2021. Accordingly, the current Sativa headquarters will remain in situ and those working there shall continue to carry out their current functions. As mentioned above, any overlaps identified between Stillcanna and Sativa employees will be considered as part of the overall assessment of skillsets in the three months following completion of the Acquisition, referred to above.

As set out in paragraph 9 of this Part 1, on the Scheme becoming Effective, each of the Locked-In Parties will enter into a Resulting Issuer Escrow Agreement with Stillcanna and the Escrow Agent, and the New Stillcanna Shares to be issued to them pursuant to the Acquisition. Pursuant to the terms of the Resulting Issuer Escrow Agreement and in accordance with the requirements of the CSE, the Locked-In Parties will agree, inter alia, to place their entire shareholdings of New Stillcanna Shares into escrow, with such shares to be released in tranches, as detailed in paragraph 9 of this Part 1.

Save for the above and the information below relating to Sativa's new management incentive plan, there are no agreements or arrangements between Stillcanna and the management or employees of Sativa in relation to their ongoing involvement in the business and the Acquisition will not be conditional on reaching agreement with such persons. Stillcanna has not entered into, and is not in discussions on any proposals to enter into, any other form of incentivisation arrangement with members of Sativa's management who are interested in Sativa Shares and has no plans to do so. Following completion of the Acquisition, Stillcanna may put in place incentive arrangements for certain members of Sativa's management team. There have been no discussions on the terms of any such incentive arrangements for relevant management.

Stillcanna believes that the integration of the two businesses can be achieved without significant disruption to either business. Save as described above, the Acquisition is not expected to have any impact on Stillcanna and its existing business.

New Sativa Management Incentive Plan

Immediately following the Announcement, Sativa implemented a new management incentive plan (“MIP”) to replace certain of the existing Sativa Options held by the Sativa Directors. The Sativa Directors will be entitled to exchange their Sativa Options for an equivalent award consisting of Value Capped Options and MIP Shares. Such Sativa Options, which currently subsist over a specific number of Sativa Shares (the “Option Quantum”), will be exchanged for MIP Shares and/or Value Capped Options which relate up to the same Option Quantum. The MIP Shares and the Value Capped Options will, together, deliver the same gross value to the holders of the Sativa Options. Both the MIP Shares and the Value Capped Options were granted with reference to a hurdle set at or above the market value for tax purposes of a Sativa Share at the time the MIP Shares and Value Capped Options are issued, determined in accordance with advice from Sativa’s external tax advisers (the “Hurdle”). The MIP Shares will be a new class of shares in the capital of Goodbody Botanicals, a wholly owned subsidiary of Sativa (save for the MIP Shares). Subject to a number of provisions described below, the MIP Shares can in the future be sold to Sativa pursuant to the provisions of the articles of association of Goodbody Botanicals and the individual’s subscription documentation for an aggregate value equivalent to the value of the Sativa Shares at the relevant time, less the Hurdle, multiplied by the Option Quantum (the “Exchange Price”).

Indicative illustration

For illustration purposes, the tables set out below sets out a comparison of the number of Sativa Shares issued pursuant to the MIP Shares and Value Capped Options on four separate Sativa Share prices (at time of exercise) of 2p, 2.625p (i.e. the Hurdle), 3p and 4p. This worked example covers awards in respect of up to 100,000 Sativa Shares which represents the “Option Quantum”:

<u>Price per Sativa Share</u>	<u>Number of Sativa Shares which would have been issued pursuant to the foregone Sativa Options</u>	<u>Number of Sativa Shares that would be issued pursuant to the Valued Capped Options</u>	<u>Number of Sativa Shares that would be issued pursuant to the exchange of MIP Shares</u>	<u>Total number of Sativa Shares to be issued pursuant to the MIP</u>
2p	100,000	100,000	0	100,000
2.625p	100,000	100,000	0	100,000
3p	100,000	90,533	9,467	100,000
4p	100,000	67,900	32,100	100,000

The proposed MIP is more tax efficient for the holders of awards pursuant to the MIP (as opposed to the foregone Sativa Options) and accordingly it is expected that they will receive the same net value on disposal of each Sativa Share issued pursuant to the Value Capped Options (as set out above) as they would on disposal of each Sativa Share issued pursuant to the foregone Sativa Options, with the MIP Shares having less exposure to tax. In the event that the Sativa Share price remains at the Hurdle or is lower at the point of exercise, the holder of the Value Capped Options would simply exercise those options to receive 100,000 Sativa Shares and accordingly there would be no Sativa Shares issued pursuant to the MIP Shares. If the Sativa Share price increases above the Hurdle, the proportion of MIP Shares to the Sativa Shares issued pursuant to the Value Capped Options increases, and the number of Sativa Shares issued will never exceed the 100,000 that would have been issued pursuant to the foregone Sativa Options. Accordingly, the MIP has no greater dilutive effect than the foregone Sativa Options.

The MIP Shares are not entitled to receive a dividend and have no voting rights. The holders of MIP Shares shall be entitled to sell all of their MIP Shares to Sativa for the Exchange Price at a specified date which shall be no earlier than the date on which such participant was entitled to exercise their Sativa Options foregone in exchange for the MIP Shares (the “Vesting Date”). Sativa may, at its discretion, purchase the MIP Shares for cash or by issuing Sativa Shares, in either case with a value equal to the Exchange Price.

The Value Capped Options shall be options granted over such number of New Sativa Shares as equates to the Option Quantum and shall have an aggregate exercise price equal to the aggregate exercise price of the Options foregone. The Value Capped Options may be exercised on or after the Vesting Date, with the number of Sativa Shares which may be acquired on exercise being restricted to such number as is equal to the sum of the Hurdle and MIP Share subscription price, multiplied by the Option Quantum, divided by the share price of a Sativa Share at the time of exercise.

By implementing the new MIP, the Sativa Directors should enjoy preferable tax treatment as and when they come to dispose of the securities obtained as opposed to the existing Sativa Options which they hold.

Notwithstanding this proposal, the number of Sativa Shares which may be issued pursuant to the exchange of the MIP Shares and the exercise of the Value Capped Options shall never exceed the number of Sativa Shares subject to the Sativa Options foregone in exchange for the MIP Shares and Value Capped Options. As the MIP was implemented prior to the Scheme, Stillcanna is simply proposing to offer the holders of Value Capped Options the ability to exchange these for equivalent Value Capped Options in Stillcanna, with the number of options in question being determined by reference to the Exchange Ratio. Similarly, the terms of the MIP Shares shall be altered such that it will be Stillcanna, rather than Sativa, that the holder of the MIP Shares can “put” them to, with the Exchange Price being determined by reference to the Exchange Ratio.

Peterhouse (who are providing independent financial advice to the Sativa Board for the purposes of Rule 3 of the Code) as to the terms of the New Sativa Management Incentive Plan, considers the terms of the replacement of the Sativa Options with the New Sativa Management Incentive Plan to be fair and reasonable.

8. Irrevocable undertakings

To become Effective, the Scheme requires, amongst other things, the approval of Scheme Shareholders at the Court Meeting convened for 11.00 am on 17 August 2020. The Scheme also requires the sanction of the Court at the Court Hearing and the passing of the Resolution to be proposed at the General Meeting convened for 11.15 am on 17 August 2020.

Stillcanna has received irrevocable commitments from those Sativa Directors who own or control Sativa Shares, together totalling 240,050,000 Sativa Shares, as well as other Sativa Shareholders who own or control Sativa Shares, together totalling 446,676,979 Sativa Shares, to vote (or procure the vote) in favour of the Scheme at the Court Meeting and the Resolution to be proposed at the General Meeting. The Sativa Shares in respect of which Stillcanna has received irrevocable commitments represent approximately 78.5% of the existing issued Sativa Shares as at 21 July 2020 (being the latest practicable date prior to the date of this document).

Details of these undertakings are as follows:

Name	Number of Sativa Shares	% of Sativa Shares in issue
Jeremy Thomas	224,000,000	39.35%
Bmak Investment LTD / Ken Lawrence	45,333,337	7.96%
Ms T N Rogers	18,833,335	3.31%
Mr R J Lonsdale	18,833,335	3.31%
Sean O'Driscoll	18,766,670	3.30%
George Thomas	18,500,000	3.25%
GDS Holdings / Spencer Green	16,666,670	2.93%
Andrew Macdonald	10,515,000	1.85%
Carbon Managers Limited	10,000,000	1.76%
Thomas Christy	9,250,000	1.63%
William Thomas	9,000,000	1.58%
Emma Thomas	9,000,000	1.58%
Wintons Holdings Ltd	7,933,335	1.39%
Mark Blower	6,000,000	1.05%
Crispin Thomas	4,720,165	0.83%
JH Racing Advertising & Promotion Ltd	3,966,667	0.70%
Peterhouse Capital Limited	3,357,500	0.59%
Barrie Wheatley	1,995,507	0.35%

Name	Number of Sativa Shares	% of Sativa Shares in issue
Marc Howells	1,767,091	0.31%
Edward Ferris	1,250,000	0.22%
Mrs S Lever	1,250,000	0.22%
Mr CT Standish	1,250,000	0.22%
Tiffany Hoare	1,000,000	0.18%
Richard Scott-Watson	934,411	0.16%
Julian Bosdet	900,000	0.16%
Andy Bath	625,000	0.11%
Ivailo Bojkov	527,755	0.09%
Anne Tew	250,000	0.04%
Nicholas Horniman	201,201	0.04%
Jonathan Wearing	50,000	0.01%

The irrevocable commitments given by the Sativa Directors and Sativa Shareholders will continue to be binding in the event that a higher competing offer is made for Sativa. The irrevocable commitment given by the Sativa Directors and Sativa Shareholders will only cease to be binding if:

- the Scheme Document is not published within 28 days of the day of release of the Announcement (or within such longer period as the Panel may agree); or
- the Scheme is withdrawn or lapses, save for where the Scheme is withdrawn or lapses solely as a result of Stillcanna exercising its right to implement the Acquisition by way of a Takeover Offer rather than the Scheme or where it is replaced by a new or revised scheme of arrangement.

Completion of the Acquisition will be subject, inter alia, to Stillcanna obtaining the approval of a majority of Stillcanna Shareholders at the Stillcanna Shareholder Meeting. In connection with the resolutions proposed to be put to Stillcanna Shareholders at the Stillcanna Shareholder Meeting, Sativa has entered into voting and support agreements with certain Stillcanna Shareholders in respect of the 35,820,212 Stillcanna Shares and representing approximately 32.3 per cent. of Stillcanna's existing issued and outstanding share capital. These agreements provide, amongst other things, for the Stillcanna Shareholders in question to not take certain actions which may jeopardise the Acquisition and for them to vote in favour of the resolutions to approve the Acquisition.

Each of the following Stillcanna Shareholders have entered into voting and support agreements with Sativa Stillcanna to vote in favour of the Acquisition at the Stillcanna Shareholder Meeting, as follows:

Name	Number of Stillcanna Shares	% of Stillcanna Shares in issue
Krystyna Bojek	10,000,000	9.02%
Zofia Vahlberg	10,000,000	9.02%
Marc Crimeni	4,735,940	4.27%
Shae De Jaray	2,848,436	2.57%
Cardinal Advisory Services Inc.	1,960,000	1.77%
Jeremy Poirier	1,556,500	1.40%
Jelena Jakoljevic	1,549,836	1.40%
Yip Chun Yu	1,444,000	1.30%

Tom Varga	800,000	0.72%
Ocean Crest Limited	533,000	0.48%
Scott Secord	252,500	0.23%
Jason Dussault	140,000	0.13%

The irrevocable commitments given by the Stillcanna Shareholders will only cease to be binding if:

- Stillcanna announces that it does not intend to proceed with the Acquisition;
- The Scheme lapses or is withdrawn in accordance with its terms; or
- As of 11.59pm (Pacific) on the Effective Date.

9. Escrow/lock-in arrangements

Under the policies of the CSE, on the Effective Date certain Scheme Shareholders who will be “related persons” of Stillcanna will be required to enter into a Resulting Issuer Escrow Agreement with Stillcanna and the Escrow Agent. In particular, this will include all those individuals that are to be directors or officers of Stillcanna, together with anyone that will hold 10% or more of the Stillcanna Shares in issue following completion of the Acquisition. Those parties required to enter into a Resulting Issuer Escrow Agreement shall be the following “Locked-In Parties”:

Name	Number of New Stillcanna Shares	Number of New Stillcanna Options/ New Stillcanna Warrants
Jeremy Thomas	78,407,125	12,465,008
Henry Lees-Buckley	-	10,052,195
Mark Blower	2,010,439	3,015,669
Jonathan Wearing	16,754	-
Angus Kerr	-	744,607
Joseph Colliver	-	3,642,705
Anne Tew	83,768	839,831

In addition, Jason Dussault will enter into a Resulting Issuer Escrow Agreement with Stillcanna and the Escrow Agent in respect of 110,000 existing Stillcanna Shares and 350,000 existing Stillcanna options.

Pursuant to the terms of the Resulting Issuer Escrow Agreement and in accordance with the requirements of the CSE and Canadian securities law, the Locked-In Parties will agree, inter alia, to place their entire shareholdings of New Stillcanna Shares into escrow, with the following release provisions:

- 10% on the Effective Date;
- a further 15% on the date falling 6 months after the Effective Date;
- a further 15% on the date falling 12 months after the Effective Date;
- a further 15% on the date falling 18 months after the Effective Date;
- a further 15% on the date falling 24 months after the Effective Date;
- a further 15% on the date falling 30 months after the Effective Date; and
- all remaining escrowed securities on the date falling 36 months after the Effective Date.

Subject to the Scheme becoming Effective, it is expected that the Locked-in Parties will hold, in aggregate, 80,628,086 Stillcanna Shares, representing, in aggregate, approximately 26.7 per cent. of the Combined Group on completion of the Acquisition.

10. De-listing of the Sativa Shares, re-registration of Sativa and the listing of Stillcanna Shares on the AQSE

On completion of the Acquisition, Sativa will become a wholly owned subsidiary of Stillcanna. Prior to the Scheme becoming Effective, it is intended that an application will be made to AQSE for admission of the Sativa Shares to trading on AQSE to be cancelled from or shortly after the Effective Date. The last day of dealings in, and registration of transfers of, the Sativa Shares (other than the registration of the transfer of the Scheme Shares to Stillcanna pursuant to the Scheme) on AQSE is expected to be the last Business Day prior to the Effective Date and no transfers shall be registered after 6.00 p.m. on that date.

On the Effective Date, share certificates in respect of Sativa Shares will cease to be valid and entitlements to Sativa Shares held within the CREST system will be cancelled or transferred. It is also intended that shortly after the Effective Date, Sativa will be re-registered as a private limited company under the relevant provisions of the Companies Act.

Stillcanna will continue to trade, or otherwise be quoted on the CSE, OTC Pink and FSE following completion of the Acquisition and trading in Stillcanna Shares is expected to resume following completion. In addition, Stillcanna intends to list the Stillcanna Shares on the AQSE on or shortly after the Effective Date in order to maintain access to the AQSE for shareholders of the Combined Group. This is subject to Stillcanna completing the relevant admission process with the AQSE.

11. **Sativa Options and Warrants**

All holders of Sativa Options, Sativa Warrants and MIP Shares will be contacted regarding the effect of the Scheme on their rights under the Sativa Options and the Sativa Warrants. Stillcanna proposes to offer the holders of Sativa Options and Sativa Warrants the opportunity to exchange their interests for New Stillcanna Options and New Stillcanna Warrants or, in the case of the MIP Shares, to vary the terms applicable to those MIP Shares such that they can be “put” to Stillcanna, rather than Sativa. To the extent that any such exchange offer is not accepted, Sativa Options and Sativa Warrants that are not exercised or exchanged will lapse to the extent unexercised, in due course, in accordance with their terms, following the Effective Date. The number of New Stillcanna Options and New Stillcanna Warrants to be issued shall be determined in line with the Exchange Ratio and shall be subject to the same vesting terms and conditions as the existing Sativa Options and Sativa Warrants.

12. **Settlement**

Subject to implementation of the Scheme (and except as provided in relation to Overseas Shareholders), settlement of the consideration to which any holder of Scheme Shares is entitled under the Scheme will be effected in the manner set out below.

Consideration where Scheme Shares are held in uncertificated form (that is, in CREST)

Unlike Sativa Shares, New Stillcanna Shares are not capable of being directly held, transferred or settled through the usual UK settlement systems, such as CREST. For this reason, Scheme Shareholders who hold their Sativa Shares in uncertificated form through CREST will not be issued with New Stillcanna Shares directly but will instead be issued with Depositary Interests (as explained in more detail below and subject to the position of Restricted Overseas Shareholders).

The Stillcanna Depositary Interest arrangements reflect the economic rights attached to the New Stillcanna Shares. However, while the holders of Depositary Interests will have an entitlement to the underlying New Stillcanna Shares, they will not be the registered holders of the New Stillcanna Shares. Depositary Interests in respect of the New Stillcanna Shares to which Scheme Shareholders (other than Restricted Overseas Shareholders) will be entitled under the Scheme will be delivered, held and settled in CREST.

Stillcanna will enter into the Depositary Deed Poll pursuant to which it will have, through the Depositary, a facility whereby Depositary Interests, representing Stillcanna Shares, will be issued by the Depositary to persons entitled in electronic form within the CREST system. Under the Depositary Deed Poll, the Depositary (or its appointed custodian) will hold Stillcanna Shares in certificated form on trust for shareholders and it will issue uncertificated Depositary Interests (on a one-for-one basis) representing those underlying Stillcanna Shares and provide the necessary custodian services. The relevant Scheme Shareholders will retain the beneficial interest in the Stillcanna Shares held through the Depositary Interest facility and voting rights, dividends or any other rights relating to those Stillcanna Shares, as well as information to make choices and elections, and to attend and vote at general meetings, shall be passed on by the Depositary (or its nominee) in accordance with the terms of the Depositary Deed Poll. The Depositary Interests can then be held and settled within the CREST system in the same way as any other CREST security.

The custodian of the New Stillcanna Shares is expected to be Computershare Company Nominees Limited (“**Custodian**”), who will hold those New Stillcanna Shares on trust (as bare trustee under English law) for the uncertificated Scheme Shareholders to whom it will issue a corresponding number of Depositary Interests.

Each Depositary Interest will be treated as one Stillcanna Share for the purposes of determining eligibility for dividends and voting entitlements. In respect of any dividends declared, Stillcanna will provide the Depositary (or its appointed custodian) with funds for the payment and the Depositary will transfer the money to the DI Holders. In respect of voting, the Depositary will cast votes in respect of the Stillcanna Shares as directed by the DI Holders which the relevant Stillcanna Shares represent. Any dividends paid on the New Stillcanna Shares will be paid to Stillcanna DI Holders in the currency in which the relevant holder has elected through CREST to receive such payments.

The Depositary Interests will be created pursuant to, and issued on, the terms of the Depositary Deed Poll. Prospective DI Holders should note that they will have no rights in respect of the underlying Stillcanna Shares or the Depositary Interests representing them against CREST or its subsidiaries. The Depositary Interests will have the same ISIN as the underlying Stillcanna Shares.

It should be noted that holders of Depositary Interests may not have the opportunity to exercise all of the rights and entitlements available to holders of Stillcanna Shares, including, for example, the ability to vote on a show of hands. In relation to voting, it will be important for holders of Depositary Interests to give prompt instructions to the Depositary or its nominated custodian, in accordance with any voting arrangements made available to them, to vote the underlying Stillcanna Shares on their behalf or, to the extent possible, to take advantage of any arrangements enabling holders of Depositary Interests to vote such Stillcanna Shares as a proxy of the Depositary or its nominated Custodian.

Notwithstanding the above, Stillcanna reserves the right to settle all or part of such consideration in the manner set out in the section entitled "*Consideration where Scheme Shares are held in certificated form*" below if, for reasons outside its reasonable control, it is not able to effect settlement in accordance with this section.

On the Scheme becoming Effective, each holding of Scheme Shares credited to any stock account in CREST will be disabled and all Scheme Shares will be removed from CREST in due course.

Pending the crediting of CREST accounts in respect of DIs representing New Stillcanna Shares and the despatch of DRS Advices for New Stillcanna Shares, temporary documents of title will not be issued. Euroclear, as the operator of the CREST system, will be instructed to cancel the entitlements to Sativa Shares transferred as part of the Scheme.

If a holder of DIs wishes to cancel its Depositary Interests, it will need to either directly, or through its broker, instruct the applicable CREST participant to initiate a CREST withdrawal (where such withdrawal is sent to the Depositary) for the name that is to appear on the Stillcanna register of members. The Depositary Interests will then be cancelled by the Depositary and the related Stillcanna Share(s) will be transferred to the account on the share register by the Computershare Canada. Computershare Canada will either send the registered holder a new DRS Advice (as further described in section below entitled "*Consideration where Scheme Shares are held in certificated form*" below) if held directly, or if held in nominee form, by electronically updating the CDS position associated with the holder's broker.

Computershare Investor Services PLC will execute a deed poll pursuant to which it will hold (either directly or via a custodian) the New Stillcanna Shares as bare trustee and all rights and other securities, property and cash attributable to the underlying securities pertaining to the Depositary Interests for the benefit of the holders of the relevant Depositary Interests. The Depositary is required to pass on to the DI Holders and, so far as they are reasonably able, exercise on behalf of the DI Holders all rights and entitlements received or to which they are entitled in respect of the New Stillcanna Shares which are capable of being passed on or exercised. Rights and entitlements to cash distributions, to information, to make choices and elections and to call for, attend and vote at general meetings and any class meetings shall, subject to the Depositary Deed Poll, be required to be passed on, to the underlying holders of the Depositary Interests, together with any amendments and additional documentation necessary to effect such passing-on. The Depositary Deed Poll contains customary provisions excluding and limiting the Depositary's liability to holders of the Depositary Interests.

Stillcanna and Computershare Investor Services PLC will enter into a depositary agreement whereby Computershare Investor Services PLC as Depositary is appointed to act as depositary of Stillcanna upon the terms of the Depositary Deed Poll. The depositary agreement is for an initial period of one year and shall continue after such initial period until terminated on not less than six months' written notice.

Consideration where Scheme Shares are held in certificated form

Where, at the Scheme Record Time, a Scheme Shareholder holds Scheme Shares in certificated form, any New Stillcanna Shares to which such Scheme Shareholder is entitled pursuant to the Scheme will be issued shortly after the Effective Date.

Stillcanna's constitutional documents allow for Stillcanna to participate in DRS. DRS is a system that allows securities to be held in "book-entry" (i.e. registered) form without having a physical security certificate issued as evidence of ownership. Instead, Stillcanna Shares are held in each shareholder's name and registered electronically on Stillcanna's records, which are maintained by its transfer agent, Computershare Canada. Holders of securities in DRS (book-entry form) have all the traditional rights and privileges as holders of securities in certificated form.

The use of DRS eliminates the need for physical share certificates to be safely held and stored and also provides an audit trail of all transactions within DRS. Use of DRS also removes the requirement for a shareholder who has lost the share certificate of a Canadian issuer to obtain a surety bond (at 3 per cent. of the market value of the shares represented by the lost certificate) in order to have a replacement certificate issued.

Therefore, Scheme Shareholders who hold Scheme Shares in certificated form will receive, in hard copy, an initial DRS Advice setting out the number of New Stillcanna Shares held by them. Each time a holder of Stillcanna Shares held within DRS acquires or disposes of shares, an updated DRS Advice will be sent to such holder. In addition, a holder of Stillcanna Shares held within DRS can review their account online at any time.

Holders of Stillcanna Shares held within DRS can transfer their Stillcanna Shares to a broker and disposals of Stillcanna Shares held within DRS can also be effected through Computershare Canada as Stillcanna's transfer agent. Full details of how to undertake such actions in respect of Stillcanna Shares held within DRS will accompany the initial DRS Advice.

Holders of Stillcanna Shares held within DRS can also at any time request from Computershare Canada a share certificate for all or a portion of the Stillcanna Shares held within DRS. In such an event, a share certificate representing the requested number of shares will be sent out by post. A fee may be levied by Computershare Canada for the production of a certificate.

DRS Advices setting out ownership of such New Stillcanna Shares will be despatched, at the recipients' risk, by first class post to Scheme Shareholders who hold their Scheme Shares in certificated form as soon as practicable after the Effective Date and, in any event, no later than 14 days after the Effective Date, to the address appearing on the register of members of Sativa at the Scheme Record Time (or, in the case of joint holders, to the address of that joint holder whose name stands first in the said register in respect of such joint holding).

Temporary documents of title will not be issued. The existing certificate(s) held by every certificated holder of Sativa Shares will become null and void pursuant to the Scheme becoming Effective.

General

All documents sent to, by, from or on behalf of Scheme Shareholders in accordance with this paragraph 12 of this Part 1 will be sent entirely at the risk of the person entitled thereto.

Settlement of the consideration to which any Scheme Shareholder is entitled under the Scheme will be implemented in full in accordance with the terms set out in this paragraph 12 of this Part 1 without regard to any lien, right of set off, counterclaim or analogous right to which Stillcanna may otherwise be, or claim to be, entitled against any Scheme Shareholder.

Fractional entitlements to New Stillcanna Shares for each Scheme Shareholder will be rounded up to the nearest integral number.

13. United Kingdom and Canadian taxation

A summary of relevant UK and Canadian taxation, which is intended as a general guide only, is set out in Part 8 of this document. If you are in any doubt as to your tax position, or you are subject to taxation in any jurisdiction other than the UK, you are strongly advised to consult an appropriate independent professional adviser.

14. Action to be taken

Your attention is drawn to paragraph 20 of Part 2 of this document and pages 10 and 11 of this document which explains the actions to be taken in relation to the Scheme.

Overseas Shareholders holding Sativa Shares should refer to Part 2, paragraph 17 of this document. Details relating to settlement are included in Part 2, paragraph 19 of this document.

IT IS IMPORTANT THAT, FOR THE COURT MEETING, AS MANY VOTES AS POSSIBLE ARE CAST SO THAT THE COURT MAY BE SATISFIED THAT THERE IS A FAIR AND REASONABLE REPRESENTATION OF THE OPINION OF SCHEME SHAREHOLDERS. YOU ARE THEREFORE STRONGLY URGED TO SIGN AND RETURN YOUR FORMS OF PROXY OR APPOINT AN ELECTRONIC OR CREST PROXY AS SOON AS POSSIBLE. ONLY THE CHAIRMAN CAN BE APPOINTED AS YOUR PROXY FOR THE MEETINGS AND IN ADDITION SHAREHOLDERS CANNOT ATTEND THIS MEETING IN PERSON.

If you have any questions relating to this document or the completion and return of the blue Form of Proxy in relation to the Court Meeting or the white Form of Proxy in relation to the General Meeting, please contact Neville Registrars on 0121 585 1131. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9:00 am and 5:00 pm, Monday to Friday excluding public holidays in England and Wales. Please note that Neville Registrars cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

15. **Further information**

Please note that the information contained in this letter is not a substitute for reading the remainder of this document.

The attention of Sativa Shareholders is drawn to the letter from Peterhouse set out in Part 2 of this document (being the Explanatory Statement pursuant to section 897 of the Companies Act). The terms of the Scheme are set out in full in Part 3 of this document. Your attention is also drawn to the further information contained in this document and, in particular, to the Conditions in Part 4, the financial information on the Sativa Group in Part 5, the financial and other information on Stillcanna Group in Part 6, the additional information in Part 7 and the information on UK and Canadian taxation in Part 8 of this document.

You are advised to read the whole of this Scheme Document and not just rely on the summary information contained in this letter.

16. **Recommendation**

The Sativa Directors, who have been so advised by Peterhouse, consider the terms of the Acquisition to be fair and reasonable and unanimously recommend that Sativa Shareholders vote in favour of the Scheme at the Court Meeting and in favour of the Resolution to be proposed at the General Meeting as all those Sativa Directors who own or control Sativa Shares have irrevocably committed to do in respect of their own beneficial holdings of, in aggregate, 240,050,000 Sativa Shares, representing, in aggregate, approximately 42.17% of the Sativa Shares in issue on 21 July 2020 (being the latest practicable date prior to the date of this document).

In providing advice to the Sativa Directors, Peterhouse has taken into account the Sativa Directors' commercial assessments.

Yours faithfully

Jonathan Wearing
Chairman

for and on behalf of
The Sativa Directors

PART 2 - EXPLANATORY STATEMENT

(in compliance with section 897 of the Companies Act 2006)

Peterhouse Capital Limited
3rd Floor
80 Cheapside
London, EC2V 6EE

22 July 2020

To Sativa Shareholders and, for information only, persons with information rights and holders of Sativa Options and Sativa Warrants.

Dear Sir/Madam

1. Introduction

On 3 June 2020, the boards of Sativa and Stillcanna announced that they had reached agreement on the terms of a recommended share for share exchange offer for the entire issued share capital of Sativa by Stillcanna. It is intended that the Acquisition will be implemented by way of a Court-sanctioned scheme of arrangement between Sativa and Scheme Shareholders pursuant to Part 26 of the Companies Act.

Your attention is drawn to the Letter from the Chairman set out in Part 1 of this document which forms part of this explanatory statement. That letter contains, amongst other things, the background to and reasons for the recommendation of the Sativa Directors and states that the Sativa Directors, who have been so advised by Peterhouse, consider the terms in the Scheme to be fair and reasonable. In giving advice to the Sativa Directors, Peterhouse has taken into account the commercial assessment of the Sativa Directors. The Sativa Directors recommend that all Sativa Shareholders vote in favour of the Resolution to approve and implement the Scheme to be proposed at the Court Meeting and in favour of the Resolution to be proposed at the General Meeting.

The Sativa Directors have been advised by Peterhouse in connection with the Scheme. Peterhouse has been authorised by the Sativa Directors to write to you and set out the terms of the Scheme and to provide you with other relevant information. Peterhouse is providing independent financial advice to the Sativa Directors for the purposes of Rule 3 of the Code. Statements made in this letter which refer to the background to the recommendation of the Sativa Directors, and to information concerning the business of Sativa, reflect the views of the Sativa Directors. Statements made in this letter which refer to the future plans for Sativa reflect the views of the Stillcanna Directors.

This Explanatory Statement contains a summary of the provisions of the Scheme. The terms of the Scheme are set out in full in Part 3 (*The Scheme of Arrangement*) of this Scheme Document. Your attention is also drawn to the other parts of this Scheme Document, which are deemed to form part of this Explanatory Statement, including Part 1 (*Letter from the Chairman of Sativa on behalf of the Sativa Directors*), the Conditions and certain further terms set out in Part 4 (*Conditions to the Scheme and to the Acquisition*), Part 5 (*Financial Information on the Sativa Group*), Part 6 (*Financial Information on the Stillcanna Group*) and the additional information set out in Part 7 (*Additional Information on Sativa Group and the Stillcanna Group*) of this Scheme Document.

2. Summary of the Scheme

Under the terms of the Acquisition, which is subject to the Conditions and further terms set out in Part 4 (*Conditions to the Scheme and to the Offer*) of this document, Scheme Shareholders whose names appear on the register of members of Sativa at the Scheme Record Time will be entitled to receive:

For each Sativa Share

0.33507 New Stillcanna Shares

This Exchange Ratio attributes an implied value for the entire existing issued share capital of Sativa of approximately £10,662,680 (based on the closing price of CAD 0.095 per Stillcanna Share on 21 April 2020, being the last Business Day in Toronto prior to the Possible Offer Announcement Date and using an exchange rate of CAD0.5885/£1).

At the value implied by the Exchange Ratio, the Offer represents a discount of approximately:

- 28.6 per cent. to the middle market closing price of 2.6 pence per Sativa Share on 21 April 2020 (being the last Business Day in London prior to the Possible Offer Announcement Date, and Sativa Shares being suspended from trading); and

- 42.4 per cent. to the volume weighted average price per Sativa Share of 3.25 pence over the three month period ended on and including 21 April 2020 (being the last Business Day in London prior to the Possible Offer Announcement Date, and Sativa Shares being suspended from trading). The Sativa Shares currently remain suspended pending this announcement.

It is the opinion of the Sativa Board that the transaction represents a truly unique opportunity to create a leading European CBD seed to consumer business, through the combination of two companies delivering good synergy with minimal overlap. Although the Exchange Ratio represents a discount to the Sativa Share price, a fundraise would require a significant discount in the current market conditions, and the Board unanimously believes that the strength of Stillcanna's balance sheet, particularly the CAD 6.7m (circa £3.9m) of cash and cash equivalents reported in its recently published interim financial statements for the period ended 31 January 2020, and the strength of the Stillcanna asset register including the development of two CBD extraction plants, significant agricultural plant & machinery and land to cultivate hemp, and the intellectual property and industry expertise developed internally within Stillcanna, outweigh the negatives of the transaction proceeding at a discount to the existing price per Sativa Share.

Following the successful completion of the Acquisition, Scheme Shareholders will hold approximately 65 per cent. of the Combined Group and Stillcanna Shareholders will hold 35 per cent. of the Combined Group, including all option and warrant instruments outstanding on a fully diluted basis.

3. Background to, and reasons for, the Acquisition

Background to the Acquisition

Sativa, through its subsidiaries, operates five separate businesses: Goodbody Botanicals, Sativa's primary retail subsidiary which sells CBD products online and on the high street; Goodbody Wellness, Sativa's high street retail store offering and prestige CBD wellness centre brand; Tessellate Collective, a bespoke direct sales channel operated through a custom-built social marketing platform; PhytoVista Laboratories, an independent analytical hemp and CBD testing facility providing support to retailers, distributors and manufacturers by expertly testing the cannabinoid level of the hemp and CBD products they are supplying and also for contaminants; and Sativa Cultivation and Extraction, which cultivates and extracts high THC medicinal cannabis under Home Office licence for research purposes, to fulfil its research partnership with King's College London, and continued research by the Sativa Group into the formulation of veterinary CBD medicines.

Stillcanna, through its subsidiaries Borganic and Olimax NT, has built two high volume extraction facilities – one in Romania ("**Origin Facility**") and one in Poland ("**Nexus Facility**"). The Origin Facility, a joint venture between Borganic and Dragonfly Biosciences of the UK is based in the municipality of Bailesti in the southwestern region of Dolj in Romania. The Origin Facility is a custom engineered, closed loop ethanol extraction system dedicated to the extraction of bulk CBD Isolate and CBD Distillate in bulk designed to process up to 3,000 pounds of industrial hemp biomass daily. The facility has been built to EU GMP (Good Manufacturing Practices) standards. The Nexus Facility, based in Bilcza, Kielce in southern Poland implements a closed-loop ethanol extraction system cooled with liquid nitrogen throughout its multi-step process. The entire finished system flows from initial soaking and winterization to filtration, distillation, purification and finally chromatography to produce both CBD Distillate and CBD Isolate. The installed commercial-scale falling film distillation units are capable of distilling up to 7,200 litres of CBD rich ethanol per day. The Nexus Facility is designed to comply to Hazard Analysis Critical Control Points (HACCP) standards, and is implementing a food safety management system.

For some time, Stillcanna has been seeking a partnership with or acquisition of a company that could enhance its core competencies. In particular, as Stillcanna's existing business focuses on the larger scale production of hemp-based products through agriculture and extraction, it wanted to expand its industry footprint into the retail, medical and testing space and Sativa meets all these requirements. Likewise, Sativa has also been open to new strategic opportunities that the Sativa Board considers would be in the best interests of the Sativa Shareholders and which would be a good fit with Sativa's existing operations. The Sativa Board believe that a company with large scale capacity to cultivate and extract would be the sort of opportunity that would be in Sativa's best interests.

Stillcanna, after being introduced to Sativa by an existing shareholder, opened discussions with the Sativa Board. Discussions progressed well and it was clear to both parties that the businesses operated by Sativa and Stillcanna would complement one another and that by completing the Acquisition, the Combined Group would be able to operate a fully integrated seed to consumer CBD business with Stillcanna's agriculture and extraction facilities being able to deliver a steady flow of active ingredient at favourable pricing, PhytoVista Laboratories being able to provide analytical testing of the product developed and Sativa having multiple retail arms pursuant to which it can sell products utilising the product produced by Borganic and Olimax NT.

It is envisioned that completion of the Acquisition to create the Combined Group will increase access to capital for the medium term, which will enable the Combined Group to further develop the various elements of its businesses. In particular, Stillcanna is listed on the CSE, but its shares are also traded or otherwise quoted on the OTC Pink in the United States and the FSE in Germany. In addition to this, it is intended that Stillcanna will also list its shares on the Aquis Stock Exchange Growth Market in London, simultaneously with the Scheme becoming effective or shortly thereafter, and by ensuring access to these international markets, it is hoped that the Combined Group will be able to benefit from greater access to capital and shareholders should be able to enjoy greater liquidity when trading in the shares of the Combined Group.

Continued business in Europe and within the European Union will require additional certifications including a Novel Food certification issued by the European Food Standards Agency (EFSA) by 31 March 2021. Stillcanna has retained a UK based award winning regulatory and quality compliance consultancy to compile its Novel Foods Authorisation dossier for its CBD products, which includes documentation requirements included in the EFSA Completeness Checklist, stability tests on end products, as well as toxicology tests on product ingredients (CBD Isolate and CBD Distillate). Both Stillcanna and Sativa have invested considerable time and effort in planning their respective novel food applications, including liaising with regulatory consultants and trade bodies to ensure high quality submissions. The merger of the two companies will bring together the in-house expertise in terms of Stillcanna's deep understanding of the manufacture of hemp cultivation and CBD extraction, and Sativa's end product formulation, laboratory testing expertise under PhytoVista Laboratories, and practical knowledge of the regulatory landscape including controlled substances and product labelling. The Combined Group working on a joint Novel Food submission will generate cost saving synergies in terms of compiling data, regulatory consultants and product SKU rationalisation.

Sativa's and Stillcanna's beliefs and visions for the Cannabis industry are aligned, and both companies feel strongly that only a fully integrated seed to consumer business will have the pricing, products, and stability to meet the cannabis market demand in the medium term. For Sativa, which focuses on retail, wellness, medical research and product testing, a secure steady compliant source of active ingredients in order to maintain product stability moving forward was a requirement. Stillcanna, with both agricultural and extraction capabilities along with its dedication to be completely EU compliant, met the core requirements of Sativa. The combination of the two groups creates a diverse end-to-end, seed to consumer organisation that is completely self-reliant and both companies feel that only this type of corporate structure has stability moving forward.

The Acquisition will allow for the creation of a management team incorporating a combination of expertise in agriculture and extraction from the Stillcanna team, and the retail, medicinal cannabis and analytical testing areas in which Sativa is active. Both Stillcanna and Sativa have various expert employees and the combination of the two groups will enable them to work together to build a strong, coherent team in the CBD and medical cannabis sector.

The CBD wellness and medicinal cannabis sector is highly fragmented and both the Stillcanna Board and the Sativa Board feel that the Combined Group offering wider variety of products and services within the industry would have more resilience as the market matures and defines itself. The Sativa Group provides Stillcanna with the brand penetration and market access it was seeking while adding to its core competencies. The Stillcanna Group's agricultural and extraction expertise can supply the medical and wellness markets of Sativa with the active ingredients it requires in a safe, reliable, compliant and price effective manner. It was with all of this in mind and after the initial due diligence that Stillcanna tendered its offer.

Reasons for the recommendation of the Acquisition at the time of the Announcement

The Sativa Directors evaluated the offer by Stillcanna on behalf of the Sativa Shareholders as a whole. In deciding to recommend the Acquisition to the Sativa Shareholders at the time of the Announcement, the Sativa Directors took into account a range of factors, including those outlined below.

The Sativa Board believes that the combination of Sativa and Stillcanna will allow for the creation of a fully integrated seed to consumer group with the pricing, products, and stability to meet the cannabis market demand in the medium term.

In Europe, the CBD wellness and medicinal cannabis sectors are in the early stages of evolution and the Sativa Group is well positioned to prosper as the industry evolves and matures. As highlighted above, new industry regulations for CBD are being implemented by the UK and EFSA in which CBD is termed a "Novel Food". The new regulations will require all manufacturers to have a comprehensive compliance application submitted by 31 March 2021. The compliance requirements are significant and the Combined Group welcomes the new quality standards, as both the Sativa Board and the Stillcanna Board believe that they will set a high bar for all manufacturers and will result in low quality competitors falling away.

The Sativa Group already has a stable of very high-quality products supported by its independent analytical testing laboratory business operated by PhytoVista Laboratories. It is believed that the key to the future will be to truly control the supply chain from seed to consumer. This means having control and testing of biomass and CBD extraction processes coupled with the manufacturing and testing of finished consumer products. The proposed Acquisition will ensure that the Combined Group has these capabilities.

The combination of Sativa with Stillcanna is a critical next step in the creation of a truly optimised seed to consumer business. The Sativa Group is a leading quoted UK CBD wellness and medicinal cannabis group with manufacturing and testing of high-quality CBD wellness products and brands. The key ingredient for all Sativa's products is CBD, which is currently bought on the market. Stillcanna is a large European producer of CBD which cultivates hemp biomass, and has full extraction and laboratory testing capabilities producing high quality CBD Isolate and CBD Distillate. The combining of these two companies will deliver good synergy, is complementary with Sativa's existing business, and will result in an organisation that truly has full control of its products from seed to consumer. This will be critical in the context of the new "FSA Novel Food" environment.

The combination of Sativa and Stillcanna will create a strong European competitor in both CBD and CBD wellness brands and will create a platform from which to expand product sales to other European countries.

4. **Structure of the Acquisition**

The Scheme

The Scheme is an arrangement made between Sativa and the Scheme Shareholders under section 895 of the Companies Act subject to the approval of the Court, which involves an application by Sativa to the Court to sanction the Scheme. The purpose of the Scheme is to provide for Stillcanna to become the owner of the entire issued and to be issued ordinary share capital of Sativa. This is to be achieved by the transfer by Scheme Shareholders of all of the Scheme Shares to Stillcanna, in consideration for which, Scheme Shareholders will receive the New Stillcanna Shares on the basis of the Exchange Ratio. The transfer to Stillcanna of the Scheme Shares will result in Sativa becoming a wholly-owned subsidiary of Stillcanna.

To become Effective, the Scheme requires, among other things:

- the approval of a majority in number of Scheme Shareholders present and voting by proxy at the Court Meeting, representing not less than 75 per cent. in value of the Scheme Shares held by such Scheme Shareholders; and
- the passing by the Sativa Shareholders of the special resolution necessary to implement the Scheme at the Sativa General Meeting;
- the sanction of the Court and delivery of the Court Order to the Registrar of Companies;
- Stillcanna obtaining the approval of the CSE, as well as the approval of a majority of Stillcanna Shareholders at the Stillcanna Shareholder Meeting; and
- Stillcanna having taken all necessary actions so that the New Stillcanna Shares begin trading, and the existing Stillcanna Shares resume trading, on the CSE, OTC Pink and FSE by not later than 14 days after the Effective Date.

The Scheme can only become Effective in accordance with its terms if all the Conditions set out in Part 4 (*Conditions to the Scheme and to the Offer*) of this Scheme Document have been satisfied or, where relevant, waived. The Scheme is conditional upon it becoming unconditional and Effective, subject to the provisions of the Code, by not later than the Longstop Date or such later date (if any) as Stillcanna or Sativa may agree, and (if required) the Panel and the Court may allow.

Following the Meetings, the Scheme must be sanctioned by the Court and will only become Effective upon delivery to the Registrar of Companies of the Court Order. Upon the Scheme becoming Effective, it will be binding on all Scheme Shareholders, irrespective of whether or not they attended or voted, or whether they voted in favour or against the Scheme or the Resolution at the Court Meeting or whether they voted in favour or against the Resolution at the General Meeting.

Sativa will not issue or register the transfer of any shares until after the Scheme has become Effective.

Under the terms of the Scheme, the Scheme Shares being acquired will be fully paid and free from all liens, equities, charges, encumbrances, options, rights of pre-emption and any other third party rights and interests of

any nature whatsoever (except for any arising by operation of law) and together with all rights attaching or accruing to them, including voting rights and the right to receive and retain in full all dividends and other distributions (if any) declared, made or paid on or after the Effective Date.

The procedure for implementing the Scheme involves an application by Sativa to the Court to call the Court Meeting to approve the Scheme and, upon the receipt of the requisite approval, an application to the Court to sanction the Scheme and thereby transfer all of the Scheme Shares to Stillcanna, in consideration for which Scheme Shareholders who are on the register of members of Sativa at the Scheme Record Time will receive New Stillcanna Shares in accordance with the settlement arrangements described below. The Scheme is currently expected to become Effective on 1 September 2020 and, in any event not later than 30 September 2020 (or such later date (if any) as Sativa and Stillcanna may agree, and (if required) the Panel and the Court may allow).

The Scheme is set out in full in Part 3 (*The Scheme of Arrangement*) of this Scheme Document. The Scheme is governed by English law.

The Meetings

The Scheme requires the approval of the Scheme by the Scheme Shareholders at the Court Meeting and the passing by the Sativa Shareholders of the special resolution necessary to implement the Scheme at the General Meeting, both of which will be held on 17 August 2020. The Court Meeting will start at 11.00 a.m. on that date and the General Meeting will start at 11.15 a.m. on that date, or as soon thereafter as the Court Meeting is concluded or adjourned.

Notices of both the Court Meeting and the General Meeting are set out at the end of this Scheme Document.

Entitlement to virtually attend and vote at the Meetings (by proxy) and the number of votes which may be cast at them will be determined by reference to the register of members of Sativa at the Voting Record Time. In the event that any member or members of the Stillcanna Group become beneficially interested in any Sativa Shares before the Voting Record Time, such Sativa Shares shall become Excluded Shares and as a result, such members of the Stillcanna Group shall not be entitled to vote at the Court Meeting in respect of any Sativa Shares acquired by them. Such members of the Stillcanna Group shall however, exercise the voting rights attaching to any such Sativa Shares at the General Meeting.

If the Scheme becomes Effective, it will be binding on Sativa and all Scheme Shareholders, irrespective of whether or not they attended or voted at the Court Meeting or the General Meeting.

Court Meeting

At the Court Meeting, voting will be by way of a poll and each Scheme Shareholder present by proxy will be entitled to one vote for each Scheme Share held at the Voting Record Time. In order for the Scheme to be approved at the Court Meeting, those Scheme Shareholders voting to approve the Scheme must represent a majority in number representing not less than 75 per cent. in value of the voting rights of the holders of Scheme Shares (or the relevant class or classes thereof, if applicable) present and voting (and entitled to vote) by proxy.

At the Court Meeting, it is particularly important that as many votes as possible are cast so that the Court may be satisfied that there is a fair and reasonable representation of Scheme Shareholders' opinion. You are therefore strongly urged to complete, sign and return your blue Form of Proxy or appoint a proxy electronically as soon as possible.

You will find the Notice of the Court Meeting in Part 10 (*Notice of the Court Meeting*) of this Scheme Document.

General Meeting

The General Meeting has been convened for the same date as the Court Meeting and Sativa Shareholders will be asked to consider and, if thought fit, pass a special resolution to approve the authorisation of the Sativa Directors to take all actions as they may consider necessary or appropriate to give effect to the Scheme.

The special resolution will require votes in favour representing at least 75 per cent. of the votes cast at the General Meeting by proxy. The vote of Sativa Shareholders at the General Meeting will be held by way of a poll. Each holder of Sativa Shares entered on the register of members of Sativa at the Voting Record Time and present by proxy will be entitled to one vote for each Sativa Share so held.

In addition, Sativa Shareholders will be asked to consider and, if thought fit, pass an ordinary resolution to receive and consider the financial statements for the period ended 31 December 2019 together with the report of the Directors and the report of the auditors thereon.

You will find the Notice of the General Meeting in Part 11 (*Notice of the Sativa General Meeting*) of this Scheme Document.

Amendments to Sativa's articles of association

At the General Meeting, it is proposed to amend Sativa's articles of association to ensure that any Sativa Shares issued between the time of adoption of Sativa's amended articles of association and the Scheme Record Time will be subject to the Scheme. It is also proposed to amend Sativa's articles of association so that any Sativa Shares issued to any person other than Stillcanna or its nominee(s) at or after the Scheme Record Time (which will not be subject to the Scheme) will be automatically acquired by Stillcanna or its nominee(s) on the same terms as under the Scheme. This amendment will avoid any person (other than a member of the Stillcanna Group) holding any Sativa Shares after completion of the Acquisition. Paragraph 2(b) of the special resolution set out in Part 11 (*Notice of the General Meeting*) of this Scheme Document proposes such amendments.

Copies of Sativa's existing articles of association and copies of the articles of association as proposed to be amended by the special resolution may not be inspected at the registered office as usual because of COVID-19 restrictions, but they are available for inspection in the 'Shareholder Information' section of Sativa's website at www.sativagroup.co.uk or a hard copy may be requested in the manner explained on page 6.

Modifications to the Scheme

The Scheme contains a provision for Stillcanna and Sativa jointly to consent on behalf of all persons concerned to any modification of, or addition to, the Scheme or to any condition approved or imposed by the Court. The Court would be unlikely to approve any modification of, or addition to, or impose a condition to the Scheme which might be material to the interests of Scheme Shareholders, unless Scheme Shareholders were informed of such modification, addition or condition. It would be a matter for the Court to decide, in its discretion, whether or not a further meeting of Scheme Shareholders should be held in these circumstances.

Conditions to the Scheme

The Offer is subject to the Conditions and further terms set out in Part 4 (*Conditions to the Scheme and to the Offer*) of this Scheme Document.

The Offer is conditional on, among other things:

- the approval of the Scheme by the Scheme Shareholders at the Court Meeting;
- the passing of the special resolution necessary to implement the Scheme at the General Meeting;
- the Scheme becoming unconditional and Effective, and being sanctioned by the Court;
- Stillcanna obtaining the approval of the CSE, as well as the approval of a majority of Stillcanna Shareholders at the Stillcanna Shareholder Meeting; and
- Stillcanna having taken all necessary actions so that the New Stillcanna Shares begin trading, and the existing Stillcanna Shares resume trading, on the CSE, OTC Pink and FSE by not later than 14 days after the Effective Date.

Lapse of the Scheme

The Scheme will lapse if:

- the Scheme is not duly approved by Scheme Shareholders at the Court Meeting or at any adjournment of the Court Meeting on or before 4 September 2020, being the 22nd day after the expected date of the Court Meeting (or such later date as may be agreed by Stillcanna and Sativa and which the Court may allow);
- the special resolution necessary to approve and implement the Scheme is not duly passed at the General Meeting or at any adjournment of that meeting on or before 4 September 2020, being the 22nd day after the expected date of the General Meeting (or such later date as may be agreed by Stillcanna and Sativa and which the Court may allow);
- the Scheme is not sanctioned by the Court with or without modification (subject to any modification being on terms acceptable to Sativa and Stillcanna) on or before 25 September 2020, being the 22nd day after the

expected date of the Court Hearing (or such later date as may be agreed by Stillcanna and Sativa and which the Court may allow); or

- the Scheme does not become Effective by the Longstop Date or such later date (if any) as Stillcanna and Sativa may agree and (if required) the Court and the Panel may allow.

5. **Alternative means of implementing the Acquisition**

Stillcanna reserves the right, subject to the prior consent of the Panel, to elect to implement the Acquisition by way of a Takeover Offer. In such event, such offer will be implemented on the same terms and conditions subject to appropriate amendments to reflect the change in method of effecting the Acquisition, which will include an acceptance condition set at 75 per cent. (or such lesser percentage, being more than 50 per cent., as Stillcanna may decide) of the voting rights then exercisable at a general meeting of Sativa, including, for this purpose, any such voting rights attaching to Sativa Shares that are unconditionally allotted or issued by Sativa, before the Acquisition becomes or is declared unconditional as to acceptances, whether pursuant to the exercise of any outstanding subscription or conversion rights or otherwise.

6. **Information relating to the Stillcanna Group**

Stillcanna is a publicly quoted Canadian company with its head office in Vancouver, Canada. Stillcanna was incorporated on 14 February 2011 with the name Symbio Capital Corp. On 6 August 2014, it changed its name to Blackeagle Development Corp and on 29 June 2016 it changed its name again to EVI Global Developments Corp. Subsequently, on 15 March 2019 it changed its name to Stillcanna Inc and continues to operate under that name. Stillcanna Shares were initially admitted to trading on the TSX-V in Toronto on 2 May 2012 and were subsequently delisted on 21 September 2015 when the Stillcanna Shares were admitted to trading on the CSE. The Stillcanna Shares were subsequently quoted on the OTC Pink on 31 May 2019 and on the FSE on or around 1 March 2019. On 15 March 2019, Stillcanna changed its business from being a mining company to a life science company.

Stillcanna operates the business of manufacturing CBD products for the European and global bulk markets via three wholly-owned subsidiaries, namely Olimax NT Sp. Z O.O. ("**Olimax NT**"), Olimax Nieruchomości Sp. Z O.O. ("**Olimax RC**") and Borganic Consulting Inc. ("**Borganic**"). In turn, Borganic holds a 49% interest in Premium Extraction Services Ltd ("**PESL**"), a joint venture company incorporated in Bulgaria in which Dragonfly Biosciences Limited ("**Dragonfly**"), a UK-headquartered company, holds the remaining 51%.

Olimax

On 7 May 2019 Stillcanna entered into a share purchase agreement pursuant to which it acquired the entire issued share capital of Olimax NT ("**Olimax Acquisition**"). Olimax NT is a Polish company which operates a hemp agriculture business in Poland. Olimax NT contracts with cultivators who hold the necessary permissions to cultivate hemp and Olimax has the requisite permissions to process industrial hemp in Poland. Following the acquisition, Stillcanna has built a new extraction facility ("**Nexus Facility**"), and has confirmed its compliance to Polish General Pharmaceutical Inspectorate regulations through independent legal opinions on existing CBD extraction operations and the preparation of an application for a full license for manufacturing, transforming, converting, import and distribution of narcotics or psychotropic substances in Poland. The Nexus Facility produced its first CBD Isolate in November of 2019. The Nexus Facility implements a closed-loop ethanol extraction system cooled with liquid nitrogen throughout its multi-step process. The entire finished system flows from initial soaking and winterization to filtration, distillation, purification and finally chromatography to create both CBD Distillate and Isolate. The installed commercial-scale falling film distillation units are capable of distilling up to 7,200 litres of CBD rich ethanol per day. The Nexus Facility is designed to comply to HACCP standards.

Upon completion of the Olimax Acquisition, Stillcanna procured that Olimax NT planted 1500 hectares of hemp and began construction of a second extraction facility in Poland. The company was building its sales channel and began shipping product to customers in December 2019, but those shipments, and Stillcanna's operations in Poland, have since been interrupted by the COVID-19 pandemic. Stillcanna recommenced manufacturing at its Polish facility at a low level during the week commencing 8 June 2020 as it is now beginning to re-activate its operations in order to take advantage of its opportunity pipeline. However, Olimax NT will be taking a different approach to agriculture in 2020 based on the experience gained in 2019. In particular, it is intended that Olimax NT shall grow its own biomass in Poland and augment that biomass with partnership contracts with European-based farmers that will supply high-grade biomass to the Stillcanna Group. These partnerships are structured as tolling agreements under which hemp growers supply high quality biomass to Olimax without cash payment in exchange for the return, at a set price, of a portion of the CBD isolate extracted from the biomass delivered.

Olimax RC is a real estate holding company, which owns the land used by Olimax NT for hemp cultivation described above.

Borganic

On 15 October 2018 Stillcanna entered into a share exchange agreement pursuant to which it agreed to acquire the entire issued share capital of Borganic, a private Canadian corporation in the CBD industry. The acquisition was completed on 27 February 2019. On 4 December 2018, Borganic signed a joint venture contract with Dragonfly pursuant to which they agreed, via PESL, to build a CBD extraction facility in Romania and Dragonfly would in turn provide a 4 year exclusive extraction contract for CBD to include their 2017, 2018, 2019 and 2020 crops. From August 2018 onward extraction began on the Romanian extraction facility, which is now complete and licenced but not fully operational due to the COVID-19 pandemic. The Origin Facility is a custom engineered, closed loop ethanol extraction system dedicated to the extraction of bulk CBD isolate and distillate, designed to process up to 3,000 pounds of industrial hemp biomass daily. The facility has been built to EU GMP (Good Manufacturing Practices) standards. PESL has secured the required completion of works certificate, Anti-Drug Authority Ruling, Fire Department Approval, Environmental Agency Approval, Police Department Approval and Ministry of Health Ruling and therefore an operating license issued by the municipality of Bailesti was secured in February 2020.

Borganic and Dragonfly are currently in a dispute relating to the implementation of the joint venture shareholders' agreement entered into between them in respect of PESL, in particular around the ongoing management and governance of PESL. Borganic has fully funded the construction of the Origin Facility and feels that it is important that it obtains further contractual protections in order to safeguard its investment. Pursuant to the dispute, legal proceedings have been issued against Dragonfly by Borganic. However, Borganic is in dialogue with Dragonfly and hopes that the outstanding issues can be resolved, without the need for a claim to be served on Dragonfly. It is possible that Dragonfly may initiate its own legal action against Borganic. Irrespective of legal proceedings, Borganic is committed to getting the Romanian extraction facility operational as soon as practicable following the end of COVID-19 pandemic restrictions.

Stillcanna remains true to its core business initiatives to be a large-scale manufacturer of CBD products for the European and global bulk markets and have secured the agricultural requirements and built the extraction facilities to fulfil its business mandate.

7. Information relating to the Sativa Group

Sativa is a publicly quoted English company with its head office in Somerset, England. Sativa was incorporated on 19 December 2017 with the name Sativa Investments plc. On 13 June 2019 the Company's name was changed to Sativa Group plc. Sativa Shares were first admitted to trading on the AQSE on 29 March 2018 as an investment vehicle looking for well-placed opportunities in the medicinal cannabis sector. Sativa fulfilled the investment strategy set out when it was first admitted to the AQSE, very quickly and accordingly announced that it had moved from being an investment vehicle to a trading company on 8 May 2019, hence the change of company name from "Sativa Investments" to "Sativa Group".

Sativa is the holding company for the Sativa Group which operates five separate businesses across the CBD and medicinal cannabis sector. It has five wholly-owned subsidiaries operating these businesses, being Goodbody Botanicals Ltd ("**Goodbody Botanicals**"), Goodbody Wellness Ltd ("**Goodbody Wellness**"), PhytoVista Laboratories Ltd ("**PhytoVista Laboratories**" or "**PVL**"), Sativa Cultivation and Extraction Ltd ("**SC&E**") and Tessellate Collective Ltd ("**Tessellate**"). In addition, Sativa holds a 60% interest in Sativa Germany GmbH ("**Sativa Germany**").

Goodbody Botanicals

On 22 June 2018, Sativa entered into a share purchase agreement pursuant to which it acquired the entire issued share capital of Goodbody Botanicals (then called "George Botanicals"). Goodbody Botanicals operates as a retailer selling a wide range of CBD products including gels, balms, capsules, tinctures and more for the wellness market under the slogan "CBD you can trust". The Goodbody Botanicals brand is distributed throughout the UK, including to major high street retailers, independent wellness retailers and both national and local pharmacies. This channel is supported by the UK's leading retail and pharmacy distribution partners and is also available online. Goodbody Botanicals not only manufactures their own brands utilising their own production and packaging facility, but also provides white label services to other brands.

Goodbody Wellness

Goodbody Wellness was incorporated as a wholly owned subsidiary of Sativa on 6 February 2019. Operating under the same “Goodbody” brand group as Goodbody Botanicals, Goodbody Wellness is focused on the health & beauty market. Goodbody Wellness products are sold to high-end retail health and beauty stores and are also available through Sativa’s own national chain of Goodbody Wellness specialist retail outlets. The first Goodbody Wellness store was launched in Bath, England on 29 June 2019 in a prime shopping destination in the city to provide a premium consumer experience. Goodbody Wellness has subsequently opened two further stores in Bristol and Cirencester (albeit that those stores are presently closed as a result of the COVID-19 pandemic and may not reopen as a result). In addition, Goodbody Wellness also makes its product line available for sale on its website.

PhytoVista Laboratories

On 2 July 2018, Sativa acquired PhytoVista Laboratories, an English company which operates an independent analytical hemp and CBD testing facility. PVL provides support to retailers, distributors and manufacturers by expertly testing the cannabinoid levels of hemp and CBD products. PVL is one of the UK’s most trusted laboratories operating to GLP (Good Laboratory Practice) and ISO 17025 standards, with the aim of being ISO accredited in 2020. PVL is a leading UK analytical laboratory for the testing of 14 cannabinoids and terpenes using high-performance liquid chromatography (HPLC), and provides pesticides screening, heavy metals testing and mycotoxin analysis services. PVL completed its 4,000th cumulative sample test in March 2020, 90% of which was for external CBD and food manufacturers.

Sativa Cultivation and Extraction

SC&E is a wholly owned subsidiary of Sativa that was formed on 3 August 2018 for the purpose of carrying out research and development in the CBD and medicinal cannabis space. It was issued with a Controlled Drug License for the cultivation, production and possession of high THC content cannabis in the UK with an emphasis on medical research on 15 October 2019 which is due for renewal on 14 October 2020. SC&E entered into a research agreement with King’s College London on 2 April 2019 to research the impact of cannabinoids on inflammation and respiratory conditions.

Tessellate Collective

Tessellate is a wholly owned subsidiary of Sativa which was incorporated on 6 February 2019. Tessellate operates Sativa’s direct sales channel using a model popularized globally in the cosmetics and wellness sectors. Tessellate has over 500 well established direct sellers acting as advocates for the brand and who have access to an easy-to-use and financially rewarding commission plan.

Sativa Germany

Sativa Germany is a German company established to secure licences for the distribution of medical cannabis products in Germany in which Sativa holds a 60% interest. As at the date of this Announcement, Sativa Germany’s licence applications are still in progress and no business is carried on by this company as yet.

A video overview of the Sativa Group is available at <https://youtu.be/8s0w9FUL8rs?t=11>.

8. The Sativa Directors and the effect of the Scheme on their interests

The Sativa Shares in which the Sativa Directors are interested will be subject to the Scheme. Details of the Sativa Directors and their interests in the share capital of Sativa are set out in paragraphs 2, 3 and 6 of Part 7 (*Additional Information on the Sativa Group and the Stillcanna Group*) of this Scheme Document. Certain Sativa Directors also hold Sativa Options and/or Sativa Warrants and paragraph 8 of this Part 2 (*Explanatory Statement*) will apply to their interests in the same manner as in the case of other holders of Sativa Options and Sativa Warrants.

Immediately following the Announcement, Sativa implemented a new management incentive plan (“MIP”) to replace some of the existing Sativa Options held by the Sativa Directors. The Sativa Directors will be entitled to exchange their Sativa Options for an equivalent award consisting of Value Capped Options and MIP Shares. Such Sativa Options, which currently subsist over a specific number of Sativa Shares (the “Option Quantum”), will be exchanged for MIP Shares and/or Value Capped Options which relate up to the same Option Quantum. The MIP Shares and the Value Capped Options will, together, deliver the same gross value to the holders of the Sativa Options. Both the MIP Shares and the Value Capped Options were granted with reference to a hurdle set at or above the market value for tax purposes of a Sativa Share at the time the MIP Shares and Value Capped Options are issued, determined in accordance with advice from Sativa’s external tax advisers (the “Hurdle”). The MIP Shares will be a new class of shares in the capital of Goodbody Botanicals, a wholly owned subsidiary of Sativa (save for the MIP Shares). Subject to a number of provisions described below, the MIP Shares can in the future be sold to Sativa pursuant to the provisions of the articles of association of Goodbody Botanicals and the

individual's subscription documentation for an aggregate value equivalent to the value of the Sativa Shares at the relevant time, less the Hurdle, multiplied by the Option Quantum (the "**Exchange Price**").

The MIP Shares are not entitled to receive a dividend and have no voting rights. The holders of MIP Shares shall be entitled to sell all of their MIP Shares to Sativa for the Exchange Price at a specified date which shall be no earlier than the date on which such participant was entitled to exercise their Sativa Options foregone in exchange for the MIP Shares (the "**Vesting Date**"). Sativa may, at its discretion, purchase the MIP Shares for cash or by issuing Sativa Shares, in either case with a value equal to the Exchange Price.

The Value Capped Options shall be options granted over such number of New Sativa Shares as equates to the Option Quantum and shall have an aggregate exercise price equal to the aggregate exercise price of the Options foregone. The Value Capped Options may be exercised on or after the Vesting Date, with the number of Sativa Shares which may be acquired on exercise being restricted to such number as is equal to the sum of the Hurdle and MIP Share subscription price, multiplied by the Option Quantum, divided by the share price of a Sativa Share at the time of exercise.

By implementing the proposed MIP, the Sativa Directors should enjoy preferable tax treatment as and when they come to dispose of the securities obtained as opposed to the existing Sativa Options which they hold. Notwithstanding this proposal, the number of Sativa Shares which may be issued pursuant to the exchange of the MIP Shares and the exercise of the Value Capped Options shall never exceed the number of Sativa Shares subject to the Sativa Options foregone in exchange for the MIP Shares and Value Capped Options. As the MIP will be implemented prior to the Scheme, Stillcanna is simply proposing to offer the holders of Value Capped Options the ability to exchange these for equivalent Value Capped Options in Stillcanna, with the number of options in question being determined by reference to the Exchange Ratio. Similarly, the terms of the MIP Shares shall be altered such that it will be Stillcanna, rather than Sativa, that the holder of the MIP Shares can "put" them to, with the Exchange Price being determined by reference to the Exchange Ratio. To the extent that any Sativa Options were not exchanged for Value Capped Options and MIP Shares, they will be dealt on the same terms as all other Sativa Options and Sativa Warrants as described in paragraph 12 of this Part 2 and therefore will not carry any dividend or voting rights until such time as they are exercised.

Particulars of the service contracts of the executive Sativa Directors and the letters of appointment of the non-executive Sativa Directors are set out in paragraph 6 of Part 7 (*Additional Information on the Sativa Group and the Stillcanna Group*) of this Scheme Document. No amendments to such service contracts and letters of appointment have been agreed in connection with the Acquisition.

Currently, the Stillcanna Board is comprised of two officers, its CEO Jason Dussault and its COO Shae de Jaray, and two independent directors, being Bill MacDonald and Warren Robinson. Following completion of the Acquisition, it is intended that the Stillcanna Board will be made up of 6 directors. This will be comprised of Jonathan Wearing as Non-Executive Chairman (Sativa's existing Non-Executive Chairman), Henry Lees-Buckley as Chief Executive Officer (Sativa's existing Chief Executive Officer) and Joseph Colliver as Chief Financial Officer (Sativa's existing Chief Financial Officer), and Non-Executive Directors consisting of Angus Kerr, Mark Blower (each non-executive directors of Sativa) and Jason Dussault (Stillcanna's existing Chief Executive Officer). Geremy Thomas (Sativa's existing Non-Executive Deputy Chairman) has elected to step down from the Board of Sativa, and will continue to provide advice on strategy and growth as a consultant to the Combined Group. Each of Shae de Jaray, Bill MacDonald and Warren Robinson shall step down as directors of Stillcanna. However, it is anticipated that they shall continue to provide support to the Stillcanna Board going forward as consultants. Anne Tew (Sativa's existing Company Secretary) will perform the role of Corporate Secretary of the Combined Group.

Sativa had a redundancy process underway prior to the commencement of the Offer Period, which was not related to the proposed Acquisition, but as a result of difficult market circumstances arising as a result of the COVID-19 pandemic. Sativa has, between the Announcement Date and the date of this document, completed this redundancy consultation process, the result of which meant that 8 employees of its workforce were made redundant and 1 employee was redeployed to a new role. This redundancy process has resulted in 1,333,333 Sativa Options issued to those employees made redundant lapsing due to vesting conditions not having been met, in addition to 3,076,923 Sativa Options lapsing due to vesting conditions not having been met from an employee who resigned in December 2019 (together the "**Lapsed Options**").

The initial issue of the Lapsed Options was made possible by Geremy Thomas (Non-Executive Chairman of Sativa) agreeing to surrender certain Sativa Options previously held by him, conditional always on those Sativa Options being exercised. Therefore, the lapse of Lapsed Options means that the Sativa Options previously surrendered reverted back to Geremy Thomas. Geremy Thomas has retained none of the previously surrendered Sativa Options and it has been agreed that 4,410,256 of those Sativa Options will be re-surrendered in order for MIP Shares exchangeable for up to 3,076,923 Sativa Shares be issued to Joseph Colliver and MIP Shares exchangeable for up to 1,333,333 Sativa Shares be issued to Anne Tew. The surrendered Sativa Options were exercisable at 0.5p when originally granted by the Company to Geremy Thomas, and the Hurdle for the MIP Shares issued is £0.023 per Share, being the market value of the Sativa Shares on the date on which the MIP

Shares were awarded. The ability to exchange the MIP Shares issued for Sativa Shares will be exercisable in three tranches, one third will vest on the first anniversary of the date of grant, one third on the second anniversary, and one third on the third anniversary, and, following the Effective Date, any Stillcanna Shares issued will be locked-in for three years under escrow. These proposals for the re-distribution of the Lapsed Options have been discussed with, and approved by, the Stillcanna Board.

It has been agreed that Joseph Colliver and Anne Tew will be paid a bonus of £10,000 each upon completion of the Acquisition, to reflect the additional workload related to due diligence, deal structure, transaction paperwork, documentation and execution.

It has been agreed that Jeremy Thomas will be paid a bonus of £30,000 upon completion of the Acquisition in connection with the provision of services to Sativa, including a considerable amount of additional work to assess the commercial merits of the potential offer and suitability of the Offeror, and to broker and negotiate the terms of the Acquisition. This proposal been discussed with, and approved by, Stillcanna.

Save as referred to above, the total emoluments received by the Sativa Directors will not be varied as a consequence of the Acquisition.

The effect of the Scheme on the interests of the Sativa Directors (whether as directors, members, creditors or otherwise) does not differ from its effect on the like interests of any other person.

9. Irrevocable undertakings

To become Effective, the Scheme requires, amongst other things, the approval of Scheme Shareholders at the Court Meeting convened for 11.00 am on 17 August 2020. The Scheme also requires the sanction of the Court at the Court Hearing and the passing of the Resolution to be proposed at the General Meeting convened for 11.15 am on 17 August 2020.

Stillcanna has received irrevocable commitments from those Sativa Directors who own or control Sativa Shares, together totalling 240,050,000 Sativa Shares, as well as other Sativa Shareholders who own or control Sativa Shares, together totalling 446,676,979 Sativa Shares, to vote (or procure the vote) in favour of the Scheme at the Court Meeting and the Resolution to be proposed at the General Meeting. The Sativa Shares in respect of which Stillcanna has received irrevocable commitments represent approximately 78.5% of the existing issued Sativa Shares as at 21 July 2020 (being the latest practicable date prior to the date of this document).

Details of those who have given undertakings are as follows:

Name	Number of Sativa Shares	% of Sativa Shares in issue
Jeremy Thomas	224,000,000	39.35%
Bmak Investment LTD / Ken Lawrence	45,333,337	7.96%
Ms T N Rogers	18,833,335	3.31%
Mr R J Lonsdale	18,833,335	3.31%
Sean O'Driscoll	18,766,670	3.30%
George Thomas	18,500,000	3.25%
GDS Holdings / Spencer Green	16,666,670	2.93%
Andrew Macdonald	10,515,000	1.85%

Name	Number of Sativa Shares	% of Sativa Shares in issue
Carbon Managers Limited	10,000,000	1.76%
Thomas Christy	9,250,000	1.63%
William Thomas	9,000,000	1.58%
Emma Thomas	9,000,000	1.58%
Wintons Holdings Ltd	7,933,335	1.39%
Mark Blower	6,000,000	1.05%
Crispin Thomas	4,720,165	0.83%
JH Racing Advertising & Promotion Ltd	3,966,667	0.70%
Peterhouse Capital Limited	3,357,500	0.59%
Barrie Wheatley	1,995,507	0.35%
Marc Howells	1,767,091	0.31%
Edward Ferris	1,250,000	0.22%
Mrs S Lever	1,250,000	0.22%
Mr CT Standish	1,250,000	0.22%
Tiffany Hoare	1,000,000	0.18%
Richard Scott-Watson	934,411	0.16%
Julian Bosdet	900,000	0.16%
Andy Bath	625,000	0.11%
Ivailo Bojkov	527,755	0.09%
Anne Tew	250,000	0.04%
Nicholas Horniman	201,201	0.04%
Jonathan Wearing	50,000	0.01%

The irrevocable commitments given by the Sativa Directors and Sativa Shareholders will continue to be binding in the event that a higher competing offer is made for Sativa. The irrevocable commitment given by the Sativa Directors and Sativa Shareholders will only cease to be binding if:

- the Scheme Document is not published within 28 days of the day of release of the Announcement (or within such longer period as the Panel may agree); or
- the Scheme is withdrawn or lapses, save for where the Scheme is withdrawn or lapses solely as a result of Stillcanna exercising its right to implement the Acquisition by way of a Takeover Offer rather than the Scheme or where it is replaced by a new or revised scheme of arrangement.

Completion of the Acquisition will be subject, inter alia, to Stillcanna obtaining the approval of a majority of Stillcanna Shareholders at the Stillcanna Shareholder Meeting. In connection with the resolutions proposed to be put to Stillcanna Shareholders at the Stillcanna Shareholder Meeting, Sativa has entered into voting and support agreements with certain Stillcanna Shareholders in respect of the 35,820,212 Stillcanna Shares and representing

approximately 32.3 per cent. of Stillcanna's existing issued and outstanding share capital. These agreements provide, amongst other things, for the Stillcanna Shareholders in question to not take certain actions which may jeopardise the Acquisition and for them to vote in favour of the resolutions to approve the Acquisition.

Each of the following Stillcanna Shareholders have entered into voting and support agreements with Sativa Stillcanna to vote in favour of the Acquisition at the Stillcanna Shareholder Meeting, as follows:

Name	Number of Stillcanna Shares	% of Stillcanna Shares in issue
Krystyna Bojek	10,000,000	9.02%
Zofia Vahlberg	10,000,000	9.02%
Marc Crimeni	4,735,940	4.27%
Shae De Jaray	2,848,436	2.57%
Cardinal Advisory Services Inc.	1,960,000	1.77%
Jeremy Poirier	1,556,500	1.40%
Jelena Jakoljevic	1,549,836	1.40%
Yip Chun Yu	1,444,000	1.30%
Tom Varga	800,000	0.72%
Ocean Crest Limited	533,000	0.48%
Scott Secord	252,500	0.23%
Jason Dussault	140,000	0.13%

The irrevocable commitments given by the Stillcanna Shareholders will only cease to be binding if:

- Stillcanna announces that it does not intend to proceed with the Acquisition;
- The Scheme lapses or is withdrawn in accordance with its terms; or
- As of 11.59pm (Pacific) on the Effective Date.

10. Escrow/lock-in arrangements

Under the policies of the CSE, on the Effective Date certain Scheme Shareholders who will be "related persons" of Stillcanna will be required to enter into a Resulting Issuer Escrow Agreement with Stillcanna and the Escrow Agent. In particular, this will include all those individuals that are to be directors or officers of Stillcanna, together with anyone that will hold 10% or more of the Stillcanna Shares in issue following completion of the Acquisition. Those parties required to enter into a Resulting Issuer Escrow Agreement shall be the following "Locked-In Parties":

Name	Number of New Stillcanna Shares	Number of New Stillcanna Options/ New Stillcanna Warrants
Jeremy Thomas	78,407,125	12,465,008
Henry Lees-Buckley	-	10,052,195
Mark Blower	2,010,439	3,015,669
Jonathan Wearing	16,754	-
Angus Kerr	-	744,607
Joseph Colliver	-	3,642,705
Anne Tew	83,768	839,831

In addition, Jason Dussault will enter into a Resulting Issuer Escrow Agreement with Stillcanna and the Escrow Agent in respect of 110,000 existing Stillcanna Shares and 350,000 existing Stillcanna options.

Pursuant to the terms of the Resulting Issuer Escrow Agreement and in accordance with the requirements of the CSE and Canadian securities law, the Locked-In Parties will agree, inter alia, to place their entire shareholdings of New Stillcanna Shares into escrow, with the following release provisions:

- 10% on the Effective Date;
- a further 15% on the date falling 6 months after the Effective Date;
- a further 15% on the date falling 12 months after the Effective Date;
- a further 15% on the date falling 18 months after the Effective Date;
- a further 15% on the date falling 24 months after the Effective Date;
- a further 15% on the date falling 30 months after the Effective Date; and
- all remaining escrowed securities on the date falling 36 months after the Effective Date.

Subject to the Scheme becoming Effective, it is expected that the Locked-in Parties will hold, in aggregate, 80,628,086 Stillcanna Shares, representing, in aggregate, approximately 26.7 per cent. of the Combined Group on completion of the Acquisition.

11. De-listing of the Sativa shares, re-registration of Sativa and the listing of Stillcanna Shares on the AQSE

On completion of the Acquisition, Sativa will become a wholly owned subsidiary of Stillcanna. Prior to the Scheme becoming Effective, it is intended that an application will be made to AQSE for admission of the Sativa Shares to trading on AQSE to be cancelled from or shortly after the Effective Date. The last day of dealings in, and registration of transfers of, the Sativa Shares (other than the registration of the transfer of the Scheme Shares to Stillcanna pursuant to the Scheme) on AQSE is expected to be the last Business Day prior to the Effective Date and no transfers shall be registered after 6.00 p.m. on that date.

On the Effective Date, share certificates in respect of Sativa Shares will cease to be valid and entitlements to Sativa Shares held within the CREST system will be cancelled or transferred. It is also intended that shortly after the Effective Date, Sativa will be re-registered as a private limited company under the relevant provisions of the Companies Act.

Stillcanna will continue to trade, or otherwise be quoted on the CSE, OTC Pink and FSE following completion of the Acquisition and trading in Stillcanna Shares is expected to resume following completion. In addition, Stillcanna intends to list the Stillcanna Shares on the AQSE on or shortly after the Effective Date in order to maintain access to the AQSE for shareholders of the Combined Group. This is subject to Stillcanna completing the relevant admission process with the AQSE.

12. Sativa Options and Sativa Warrants

All holders of Sativa Options, Sativa Warrants and MIP Shares will be contacted regarding the effect of the Scheme on their rights under the Sativa Options and the Sativa Warrants. Stillcanna proposes to offer the holders of Sativa Options and Sativa Warrants the opportunity to exchange their interests for New Stillcanna Options and New Stillcanna Warrants or, in the case of the MIP Shares, to vary the terms applicable to those MIP Shares such that they can be “put” to Stillcanna, rather than Sativa. To the extent that any such exchange offer is not accepted, Sativa Options and Sativa Warrants that are not exercised or exchanged will lapse to the extent unexercised, in due course, in accordance with their terms, following the Effective Date. The number of New Stillcanna Options and New Stillcanna Warrants to be issued shall be determined in line with the Exchange Ratio and shall be subject to the same vesting terms and conditions as the existing Sativa Options and Sativa Warrants.

13. Rights attaching to the New Stillcanna Shares

The New Stillcanna Shares will be issued and credited as fully paid and non-assessable and will rank *pari passu* in all respects with those Stillcanna Shares in issue at the time the New Stillcanna Shares are issued pursuant to the Scheme, including the right to receive and retain dividends and other distributions declared, made or paid by reference to a record date falling after the Effective Date. A more detailed summary of the rights attaching to the Stillcanna Shares is provided in Appendix 1 (*Description of Stillcanna Shares*) to this Scheme Document.

An application for listing and admission to trading of the New Stillcanna Shares on the CSE will be made to the CSE conditional on the Scheme becoming Effective. Other than the New Stillcanna Shares that will be subject to the Resulting Issuer Escrow Agreements, the New Stillcanna Shares will be issued free from all options, liens, charges, encumbrances and other third party rights and interests of any nature whatsoever.

14. Offer related arrangements

Letter of Intent

On 19 April 2020 Sativa and Stillcanna entered into a Letter of Intent in relation to the Acquisition pursuant to which Stillcanna expressed its intention to pursue a potential transaction resulting in its acquisition of the Sativa Shares. Pursuant to the Letter of Intent Stillcanna undertook to operate within its projected monthly burn rate and to not amend the terms of its employment contracts with its executive officers. Sativa undertook not to amend the terms of its employment contracts with its executive directors. The proposed Acquisition is only terminable by Stillcanna in specific circumstances, including where there is a material adverse change applicable to Stillcanna or Sativa, or with the mutual consent of both parties. Otherwise, if Stillcanna does not complete the proposed transaction, it will be required to pay Sativa a break fee equal to the greater of £1,000,000, or if Stillcanna enters into an alternative transaction, 25% of the value paid by Stillcanna or for Stillcanna's securities or assets (as the case may be) in such alternative transaction. Appended to the Letter of Intent is a confidentiality and exclusivity deed. From the signing of the Letter of Intent, each of Stillcanna and Sativa agreed to allow the other to have access to all relevant information in order to carry out due diligence in connection with the Acquisition. Each of Sativa and Stillcanna have undertaken to keep confidential information relating to the other party and not to disclose it to third parties (other than permitted persons) unless required by law or regulation. These confidentiality obligations will remain in force for a period 24 calendar months. In addition, Stillcanna has agreed it will not, within 60 calendar days of signing the Letter of Intent, pursue any alternative transaction to the Acquisition. The Letter of Intent is governed by Canadian law.

Bid Conduct Agreement

On 2 June 2020 Sativa and Stillcanna entered into a bid conduct agreement ("**Bid Conduct Agreement**") in connection with the Acquisition. Among other things, Sativa and Stillcanna have agreed to:

- (i) provide each other with such information as necessary for Sativa to prepare this document;
- (ii) to implement certain proposals with respect to the Sativa Options and Sativa Warrants as described in paragraph 12 of this Part 2 of this document; and
- (iii) to co-operate with each other and to provide such information as may be necessary to obtain any required regulatory clearances.

The Bid Conduct Agreement records the intention of Sativa and Stillcanna to implement the Acquisition by way of the Scheme, subject to the ability of Stillcanna to proceed by way of a Takeover Offer in certain circumstances, subject to the consent of the Panel. It also contains customary termination provisions which permit Sativa to terminate the Bid Conduct Agreement in certain circumstances, such as where the Sativa Directors withdraw or adversely modify their recommendation of the Acquisition. Furthermore, the provisions relating to a break fee payable by Stillcanna to Sativa in certain circumstances on termination as set out in the Letter of Intent are repeated in the Bid Conduct Agreement. The Bid Conduct Agreement is governed by the laws of England and Wales.

Resulting Issuer Escrow Agreement

Under the policies of the CSE, on the Effective Date certain Scheme Shareholders who will be "related persons" of Stillcanna will be required to enter into a Resulting Issuer Escrow Agreement with Stillcanna and the Escrow Agent. Details of terms and the parties required to enter into a Resulting Issuer Escrow Agreement are set out in paragraph 10 of this Part 2.

15. Dividend policy for the Combined Group

Stillcanna has not declared or paid any cash dividends on the Stillcanna Shares since its incorporation and Stillcanna does not anticipate paying any cash dividends in the foreseeable future. The Combined Group plans to retain earnings, if any, in order to provide funds for its future expansion of the business.

16. Financial effects of the Acquisition

The following table set outs, for illustrative purposes only and on the bases and assumptions set out in the notes below, the financial effects on the capital value and gross income for a holder of one hundred thousand (100,000) Sativa Shares assuming the Scheme becomes Effective:

(a) Increase in capital value

	Notes	
Market value of 33,507 New Stillcanna Shares	(i)	CAD 3,183.20
Market value of 100,000 Sativa Shares	(ii)	CAD 4,460.49
Decrease in capital value	(iii)	CAD (1,277.30)
Percentage decrease in capital value	(iv)	28.6

(i) The market value of New Stillcanna Shares is based on the closing price of CAD0.095 per Stillcanna Share as at 21 April 2020 (being the last Business Day in Toronto prior to the commencement of the Offer Period) and applying an exchange rate of CAD 0.5885/£1 (the Stillcanna Shares were halted from trading on the CSE, FSE and OTC Pink with effect from 8.42 a.m. on 17 April 2020 pending completion of the Acquisition).

(ii) The market value of one Sativa Share is based on the closing mid-market price of £0.02625 per Sativa Share as at the close of business on 21 April 2020, being the last dealing day immediately prior to the commencement of the Offer Period (the Sativa Shares were halted from trading on the AQSE with effect from market open on 22 April 2020 pending receipt of a firm intention to make an offer).

(iii) In assessing the financial effects of receiving New Stillcanna Shares, no account has been taken of any potential liability to taxation of a Sativa Shareholder or of any timing differences in the payment of dividends.

(iv) (iii) as a proportion of (ii) in per cent. terms.

(b) Gross income

Neither Stillcanna nor Sativa has declared or paid a dividend in respect of their most recent financial years ended on 31 July 2019 and 31 December 2019 respectively. Accordingly, if the Acquisition successfully completes, Sativa Shareholders will not receive any dividend from Stillcanna in respect of such reporting period. It should be noted that Stillcanna has not declared or paid any cash dividends on the Stillcanna Shares since its incorporation and does not anticipate paying any cash dividends in the foreseeable future. The Combined Group plans to retain earnings, if any, in order to provide funds for the future expansion of the business.

17. Overseas Shareholders

This Scheme Document has been prepared for the purposes of complying with English law, the AQSE Growth Market Rules and the Code, and the information disclosed may not be the same as that which would have been disclosed if this Scheme Document had been prepared in accordance with the laws and regulations of any jurisdiction outside the United Kingdom.

The New Stillcanna Shares have not been and will not be registered under the US Securities Act of 1933, as amended (the "**US Securities Act**") or under the securities laws of any State or other jurisdiction of the United States. Accordingly, the New Stillcanna Shares may not be offered, sold, resold, delivered, distributed or otherwise transferred, directly or indirectly, in or into the United States absent registration under the US Securities Act or an exemption therefrom. The New Stillcanna Shares to be issued pursuant to the Acquisition are expected to be issued in reliance upon the exemption from the registration requirements of the US Securities Act provided by Section 3(a)(10) thereof and applicable exemptions under state securities laws. This press release does not constitute an offer to sell or the solicitation of an offer to buy any securities.

Sativa is incorporated under the laws of England and Wales and Stillcanna is incorporated under the laws of British Columbia. All of the officers and directors of Sativa and Stillcanna are residents of countries other than the United States. It may not be possible to sue Sativa and Stillcanna in a non-US court for violations of US securities laws. It may also be difficult to compel Sativa, Stillcanna and their respective affiliates to subject themselves to the jurisdiction and judgment of a US court.

The Acquisition will be implemented by way of the Scheme whereby Stillcanna will acquire all of the issued and outstanding share capital of Sativa in the manner provided for under Part 26 of the Companies Act. A transaction effected by way of a scheme of arrangement is not subject to the proxy solicitation or tender offer rules under the US Securities Exchange Act of 1934, as amended (the "**US Exchange Act**"). Accordingly, the Scheme is subject to the disclosure requirements, rules and practices applicable in the UK to schemes of arrangement and takeover offers, which differ from the disclosure requirements, style and format of US tender offer and proxy solicitation rules. If Stillcanna determines to extend the offer into the US, the Offer will be made in compliance with applicable US securities laws and regulations. Financial information included in this Scheme Document has been or will have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union that may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the US. However, if Stillcanna was to elect to implement the Acquisition by means of a contractual offer, rather than the Scheme, such offer will be made in compliance with all applicable laws and regulations, including Section 14(e) of the Exchange Act and Regulation 14E thereunder. Such offer would be made in the US by Stillcanna and no one else.

Neither the US Securities and Exchange Commission nor any securities commission of any state of the United States has approved or disapproved the Offer, nor have such authorities passed upon or determined the fairness of the Offer or the adequacy or accuracy of the information contained in this Announcement. Any representation to the contrary is a criminal offence in the United States.

It is the responsibility of any person into whose possession this Scheme Document comes to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection with the Offer including the obtaining of any governmental, exchange control or other consents which may be required and/or compliance with other necessary formalities which are required to be observed and the payment of any issue, transfer or other taxes or levies in such jurisdiction.

Persons receiving this Scheme Document and all documents relating to the Offer (including custodians, nominees and trustees) must not post or otherwise distribute or send them in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction.

This Scheme Document does not constitute an offer to sell or issue or the solicitation of an offer to buy or subscribe for shares in any jurisdiction in which such offer or solicitation is unlawful.

Overseas holders of Sativa Shares should also refer to the section of this Scheme Document entitled "Important Information" on page 4 of this Scheme Document.

Without limitation to the statements above, Sativa Shareholders who are Overseas Shareholders should consult their own legal and tax advisers with respect to the legal and tax consequences of the Scheme in their particular circumstances.

18. **United Kingdom and Canadian taxation**

A summary of relevant UK and Canadian taxation, which is intended as a general guide only, is set out in Part 8 (*United Kingdom and Canadian Taxation*) of this document. Such summary does not constitute tax advice and does not purport to be a complete analysis of all potential UK and Canadian tax consequences of the Scheme. If you are in any doubt as to your tax position, or you are subject to taxation in a jurisdiction other than the United Kingdom or Canada, you are strongly advised to consult an appropriate independent professional adviser.

19. Settlement

Subject to implementation of the Scheme (and except as provided in relation to Overseas Shareholders), settlement of the consideration to which any holder of Scheme Shares is entitled under the Scheme will be effected in the manner set out below.

Consideration where Scheme Shares are held in uncertificated form (that is, in CREST)

Unlike Sativa Shares, New Stillcanna Shares are not capable of being directly held, transferred or settled through the usual UK settlement systems, such as CREST. For this reason, Scheme Shareholders who hold their Sativa Shares in uncertificated form through CREST will not be issued with New Stillcanna Shares directly but will instead be issued with Depositary Interests (as explained in more detail below and subject to the position of Restricted Overseas Shareholders).

The Stillcanna Depositary Interest arrangements reflect the economic rights attached to the New Stillcanna Shares. However, while the holders of Depositary Interests will have an entitlement to the underlying New Stillcanna Shares, they will not be the registered holders of the New Stillcanna Shares. Depositary Interests in respect of the New Stillcanna Shares to which Scheme Shareholders (other than Restricted Overseas Shareholders) will be entitled under the Scheme will be delivered, held and settled in CREST.

Stillcanna will enter into the Depositary Deed Poll pursuant to which it will have, through the Depositary, a facility whereby Depositary Interests, representing Stillcanna Shares, will be issued by the Depositary to persons entitled in electronic form within the CREST system. Under the Depositary Deed Poll, the Depositary (or its appointed custodian) will hold Stillcanna Shares in certificated form on trust for shareholders and it will issue uncertificated Depositary Interests (on a one-for-one basis) representing those underlying Stillcanna Shares and provide the necessary custodian services. The relevant Scheme Shareholders will retain the beneficial interest in the Stillcanna Shares held through the Depositary Interest facility and voting rights, dividends or any other rights relating to those Stillcanna Shares, as well as information to make choices and elections, and to attend and vote at general meetings, shall be passed on by the Depositary (or its nominee) in accordance with the terms of the Depositary Deed Poll. The Depositary Interests can then be held and settled within the CREST system in the same way as any other CREST security.

The custodian of the New Stillcanna Shares is expected to be Computershare Company Nominees Limited ("**Custodian**"), who will hold those New Stillcanna Shares on trust (as bare trustee under English law) for the uncertificated Scheme Shareholders to whom it will issue a corresponding number of Depositary Interests.

Each Depositary Interest will be treated as one Stillcanna Share for the purposes of determining eligibility for dividends and voting entitlements. In respect of any dividends declared, Stillcanna will provide the Depositary (or its appointed custodian) with funds for the payment and the Depositary will transfer the money to the DI Holders. In respect of voting, the Depositary will cast votes in respect of the Stillcanna Shares as directed by the DI Holders which the relevant Stillcanna Shares represent. Any dividends paid on the New Stillcanna Shares will be paid to Stillcanna DI Holders in the currency in which the relevant holder has elected through CREST to receive such payments.

The Depositary Interests will be created pursuant to, and issued on, the terms of the Depositary Deed Poll. Prospective DI Holders should note that they will have no rights in respect of the underlying Stillcanna Shares or the Depositary Interests representing them against CREST or its subsidiaries. The Depositary Interests will have the same ISIN as the underlying Stillcanna Shares.

It should be noted that holders of Depositary Interests may not have the opportunity to exercise all of the rights and entitlements available to holders of Stillcanna Shares, including, for example, the ability to vote on a show of hands. In relation to voting, it will be important for holders of Depositary Interests to give prompt instructions to the Depositary or its nominated custodian, in accordance with any voting arrangements made available to them, to vote the underlying Stillcanna Shares on their behalf or, to the extent possible, to take advantage of any arrangements enabling holders of Depositary Interests to vote such Stillcanna Shares as a proxy of the Depositary or its nominated Custodian.

Notwithstanding the above, Stillcanna reserves the right to settle all or part of such consideration in the manner set out in the section entitled "*Consideration where Scheme Shares are held in certificated form*" below if, for reasons outside its reasonable control, it is not able to effect settlement in accordance with this section.

On the Scheme becoming Effective, each holding of Scheme Shares credited to any stock account in CREST will be disabled and all Scheme Shares will be removed from CREST in due course.

Pending the crediting of CREST accounts in respect of DIs representing New Stillcanna Shares and the despatch of DRS Advices for New Stillcanna Shares, temporary documents of title will not be issued. Euroclear, as the

operator of the CREST system, will be instructed to cancel the entitlements to Sativa Shares transferred as part of the Scheme.

If a holder of DIs wishes to cancel its Depositary Interests, it will need to either directly, or through its broker, instruct the applicable CREST participant to initiate a CREST withdrawal (where such withdrawal is sent to the Depositary) for the name that is to appear on the Stillcanna register of members. The Depositary Interests will then be cancelled by the Depositary and the related Stillcanna Share(s) will be transferred to the account on the share register by the Computershare Canada. Computershare Canada will either send the registered holder a new DRS Advice (as further described in the section below entitled "*Consideration where Scheme Shares are held in certificated form*" below) if held directly, or if held in nominee form, by electronically updating the CDS position associated with the holder's broker.

Computershare Investor Services PLC will execute a deed poll pursuant to which it will hold (either directly or via a custodian) the New Stillcanna Shares as bare trustee and all rights and other securities, property and cash attributable to the underlying securities pertaining to the Depositary Interests for the benefit of the holders of the relevant Depositary Interests. The Depositary is required to pass on to the DI Holders and, so far as they are reasonably able, exercise on behalf of the DI Holders all rights and entitlements received or to which they are entitled in respect of the New Stillcanna Shares which are capable of being passed on or exercised. Rights and entitlements to cash distributions, to information, to make choices and elections and to call for, attend and vote at general meetings and any class meetings shall, subject to the Depositary Deed Poll, be required to be passed on, to the underlying holders of the Depositary Interests, together with any amendments and additional documentation necessary to effect such passing-on. The Depositary Deed Poll contains customary provisions excluding and limiting the Depositary's liability to holders of the Depositary Interests.

Stillcanna and Computershare Investor Services PLC will enter into a depositary agreement whereby Computershare Investor Services PLC as Depositary is appointed to act as depositary of Stillcanna upon the terms of the Depositary Deed Poll. The depositary agreement is for an initial period of one year and shall continue after such initial period until terminated on not less than six months' written notice.

Consideration where Scheme Shares are held in certificated form

Where, at the Scheme Record Time, a Scheme Shareholder holds Scheme Shares in certificated form, any New Stillcanna Shares to which such Scheme Shareholder is entitled pursuant to the Scheme will be issued shortly after the Effective Date.

Stillcanna's constitutional documents allow for Stillcanna to participate in DRS. DRS is a system that allows securities to be held in "book-entry" (i.e. registered) form without having a physical security certificate issued as evidence of ownership. Instead, Stillcanna Shares are held in each shareholder's name and registered electronically on Stillcanna's records, which are maintained by its transfer agent, Computershare Canada. Holders of securities in DRS (book-entry form) have all the traditional rights and privileges as holders of securities in certificated form.

The use of DRS eliminates the need for physical share certificates to be safely held and stored and also provides an audit trail of all transactions within DRS. Use of DRS also removes the requirement for a shareholder who has lost the share certificate of a Canadian issuer to obtain a surety bond (at 3 per cent. of the market value of the shares represented by the lost certificate) in order to have a replacement certificate issued.

Therefore, Scheme Shareholders who hold Scheme Shares in certificated form will receive, in hard copy, an initial DRS Advice setting out the number of New Stillcanna Shares held by them. Each time a holder of Stillcanna Shares held within DRS acquires or disposes of shares, an updated DRS Advice will be sent to such holder. In addition, a holder of Stillcanna Shares held within DRS can review their account online at any time.

Holders of Stillcanna Shares held within DRS can transfer their Stillcanna Shares to a broker and disposals of Stillcanna Shares held within DRS can also be effected through Computershare Canada as Stillcanna's transfer agent. Full details of how to undertake such actions in respect of Stillcanna Shares held within DRS will accompany the initial DRS Advice.

Holders of Stillcanna Shares held within DRS can also at any time request from Computershare Canada a share certificate for all or a portion of the Stillcanna Shares held within DRS. In such an event, a share certificate representing the requested number of shares will be sent out by post. A fee may be levied by Computershare Canada for the production of a certificate.

DRS Advices setting out ownership of such New Stillcanna Shares will be despatched, at the recipients' risk, by first class post to Scheme Shareholders who hold their Scheme Shares in certificated form as soon as practicable after the Effective Date and, in any event, no later than 14 days after the Effective Date, to the address appearing on the register of members of Sativa at the Scheme Record Time (or, in the case of joint holders, to the address of that joint holder whose name stands first in the said register in respect of such joint holding).

Temporary documents of title will not be issued. The existing certificate(s) held by every certificated holder of Sativa Shares will become null and void pursuant to the Scheme becoming Effective.

General

All documents sent to, by, from or on behalf of Scheme Shareholders in accordance with this paragraph 19 of this Part 2 will be sent entirely at the risk of the person entitled thereto.

Settlement of the consideration to which any Scheme Shareholder is entitled under the Scheme will be implemented in full in accordance with the terms set out in this paragraph 19 of this Part 2 without regard to any lien, right of set off, counterclaim or analogous right to which Stillcanna may otherwise be, or claim to be, entitled against any Scheme Shareholder.

Fractional entitlements to New Stillcanna Shares for each Scheme Shareholder will be rounded up to the nearest integral number.

20. Action to be taken

IT IS IMPORTANT THAT, FOR THE COURT MEETING, AS MANY VOTES AS POSSIBLE ARE CAST SO THAT THE COURT MAY BE SATISFIED THAT THERE IS A FAIR AND REASONABLE REPRESENTATION OF THE OPINION OF THE SCHEME SHAREHOLDERS. YOU ARE THEREFORE STRONGLY URGED TO SIGN AND RETURN YOUR FORMS OF PROXY OR APPOINT A CREST PROXY AS SOON AS POSSIBLE. ONLY THE CHAIRMAN CAN BE APPOINTED AS YOUR PROXY FOR THE MEETINGS AND IN ADDITION SHAREHOLDERS CANNOT ATTEND THIS MEETING IN PERSON.

(a) *Sending forms of Proxy by post or by hand.*

You will find enclosed with this document:

- a blue Form of Proxy for use in respect of the Court Meeting;
- a white Form of Proxy for use in respect of the General Meeting; and
- a prepaid envelope for use in the United Kingdom.

Whether or not you plan to virtually attend either or both of the Meetings, please complete the enclosed Forms of Proxy and return them in accordance with the instructions printed thereon, as soon as possible, but in any event, so as to be received by post or by hand (during normal business hours) to the Registrars, **Neville Registrars, Neville House, Steelpark Road, Halesowen B62 8HD** by 11.00 am on 13 August 2020 in the case of the Court Meeting and by 11.15 am on 13 August 2020 in the case of the General Meeting (or, in the case of adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting (excluding any day that is not a Business Day)). Unless the Forms of Proxy are returned by the relevant time specified above (or, in the case of adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting (excluding any day that is not a Business Day)), they will be invalid. A Shareholder may only appoint the chairman in respect of the General Meeting and/or the Court Meeting. Shareholders' attention is drawn to the fact that where they return Forms of Proxy without denoting their voting preference, the proxy will vote or abstain from voting in his or her discretion. The completion and return of a Form of Proxy will not prevent you from attending the Court Meeting or the General Meeting virtually, or any adjournment thereof, in person should you wish to do so.

(b) *Electronic appointment of proxies through CREST*

CREST members who wish to appoint a proxy through the CREST electronic proxy appointment service may do so for the Meetings and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it relates to the appointment of a proxy or to an

amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID 7RA11) by not later than 48 hours before the time fixed for the holding of the meeting or the adjourned meeting (excluding any day that is not a Business Day). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that CREST does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

(c) *Shareholder Helpline*

If you have any questions relating to this document or the completion and return of the Forms of Proxy, please call Neville Registrars on 0121 585 1131. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 am and 5.00 pm, Monday to Friday excluding public holidays in England and Wales. Please note that Neville Registrars cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

(d) *To virtually attend the Meetings*

Due to the current COVID-19 situation, arrangements for the Court Meeting and the General Meeting will need to differ from usual practice. In keeping with the Government's current COVID-19 health and safety advice, it is proposed that the meeting be held with a board quorate only and that shareholders will not be able to attend the Meetings in person. To ensure that Scheme Shareholders can still participate in an orderly and safe Court Meeting and General Meeting, it is proposed that the Meetings be held virtually via an electronic platform. Scheme Shareholders will be able to hear the Meetings' chairman and to submit questions on the resolutions and business of the Meetings. It is proposed that specific questions can be submitted prior to the Meetings and in real-time during the Court Meeting and the General Meeting. These measures are required in order to safeguard Shareholders' health and in order to make the AGM as safe and efficient as possible. The Company is invoking certain of the meetings provisions in the Companies Act 2006 and its articles of association. These provisions allow the Company to use facilities and measures that it considers to be adequate, and for the Company to make arrangements for the safety and security of Shareholders in line with COVID-19 safety advice.

IF YOU ARE A SHAREHOLDER AND WISH TO ATTEND EITHER THE COURT MEETING OR THE GENERAL MEETING, PLEASE REQUEST A HYPERLINK AND PASS CODE TO THE MEETING BY CONTACTING ANNE TEW, COMPANY SECRETARY, AT ANNE.TEW@SATIVAGROUP.CO.UK.

21. **Further information**

The terms of the Scheme are set out in full in Part 3 (*Scheme of Arrangement*) of this document. Your attention is also drawn to the letter from your Chairman set out in Part 1 of this document and the Additional Information on the Sativa Group and the Stillcanna Group set out in Part 7 of this document.

Yours faithfully,

Guy Miller

Corporate Adviser

Peterhouse Capital Limited

PART 3 - SCHEME OF ARRANGEMENT

**IN THE HIGH COURT OF JUSTICE
BUSINESS AND PROPERTY COURTS
OF ENGLAND AND WALES
COMPANIES COURT (ChD)**

CR-2020-002792

IN THE MATTER OF SATIVA GROUP PLC

– and –

IN THE MATTER OF THE COMPANIES ACT 2006

**SCHEME OF ARRANGEMENT
(under Part 26 of the Companies Act 2006)**

between

SATIVA GROUP PLC

and

**THE HOLDERS OF THE SCHEME SHARES
(as hereinafter defined)**

PRELIMINARY

(A) In this Scheme, unless inconsistent with the subject or context, the following expressions shall bear the following meanings:

“Acquisition” means the proposed acquisition by Stillcanna of the entire issued and to be issued share capital of Sativa, to be effected by the Scheme as described in this document (or, should Stillcanna so elect, by means of a Takeover Offer);

“Business Day” means a day on which banks are generally open for business in London (apart from Saturdays, Sundays and bank holidays);

“certificated” or **“in certificated form”** means, in relation to a share or other security, a share or other security which is not in uncertificated form (i.e. not in CREST);

“Clause” means a clause of this Scheme;

“Company” or **“Sativa”** means Sativa Group plc, a public limited company incorporated in England and Wales and registered with number 11118594 and whose registered office is at The Blue Building Stubbs Lane, Beckington, Frome, Somerset, England, BA11 6TE;

“Companies Act” means the Companies Act 2006, as amended from time to time;

“Conditions” mean the conditions to the Acquisition as set out in Part 4 this Scheme;

“Court” means the High Court of Justice in England and Wales;

“Court Hearing” means the hearing by the Court of the application to sanction the Scheme under Part 26 of the Companies Act;

“Court Meeting” means the meeting of the Scheme Shareholders to be convened by an order of the Court pursuant to section 896 of the Companies Act, to be held at The Blue Building, Stubbs Lane, Beckington, Frome, Somerset, BA11 6TE, United Kingdom on 17 August 2020 at 11.00 am, for the purpose of considering, and if thought fit, approving the Scheme (with or without amendment) notice of which is set out in Part 10 of this document, including any adjournment, postponement or reconvention thereof;

“Court Order” means the order of the Court sanctioning the Scheme under section 899 of the Companies Act;

“CREST” means the relevant system (as defined in the CREST Regulations in respect of which Euroclear is the Operator (as defined in the CREST Regulations) in accordance with which securities may be held and transferred in uncertificated form;

“CREST Regulations” mean the Uncertificated Securities Regulations 2001 (SI 2001/3755), as amended from time to time;

“Depository Interest” means a depository interest issued by Computershare Investor Services PLC whereby Computershare Company Nominees Limited, as the nominated custodian, will hold overseas securities;

“DRS Advice” means a direct registration system advice evidencing the electronic registration of ownership of the Stillcanna Shares;

“Effective” means in the context of the Acquisition:

- (i) if the Acquisition is implemented by way of the Scheme, means the Scheme having become effective in accordance with its terms; or
- (ii) if the Acquisition is implemented by way of a Takeover Offer, such offer having become or been declared unconditional in all respects in accordance with its terms;

“Effective Date” means the date on which this Scheme becomes effective in accordance with its terms;

“Euroclear” means Euroclear UK & Ireland Limited;

“Exchange Ratio” means 0.33507 New Stillcanna Shares for each Scheme Share;

“Excluded Share” means any Sativa Share which is controlled by or registered in the name of or is beneficially owned by any member of the Stillcanna Group at the Scheme Record Time;

“Holder” means, in respect of Sativa Shares, a registered holder of such Sativa Shares (and **“Holder”** includes any person entitled by transmission);

“Longstop Date” means 30 September 2020, or such later date (if any) as Stillcanna and Sativa may agree, with the consent of the Panel, and the Court may allow;

“Offer” means the recommended share for share exchange offer being made by Stillcanna to acquire the entire issued and to be issued ordinary share capital of Sativa to be implemented by means of the Scheme and, where the context admits, any subsequent revision, variation, extension or renewal thereof;

“Panel” means the Panel on Takeovers and Mergers;

“Registrar of Companies” means the Registrar of Companies in England and Wales;

“Restricted Jurisdiction” means any jurisdiction where local laws or regulations may result in significant risk of civil, regulatory or criminal exposure if information concerning the Acquisition is sent or made available to Sativa Shareholders in that jurisdiction (in accordance with Rule 30.3 of the Code);

“Restricted Overseas Shareholder” means Sativa Shareholders resident in, or nationals or citizens of, Restricted Jurisdictions, or who are nominees or custodians, trustees or guardians for, citizens, residents or nationals of such Restricted Jurisdictions;

“Sativa Shares” mean ordinary shares of 0.25 pence each in the capital of Sativa;

“Scheme” means this scheme of arrangement under Part 26 of the Companies Act between the Company and the Scheme Shareholders, with or subject to any modification, addition or condition approved or imposed by the Court and agreed to by the Company and Stillcanna;

“Scheme Circular” means the circular dated 22 July 2020 sent by Sativa to Sativa Shareholders containing, amongst other things, this Scheme, an explanatory statement in compliance with Part 26 of the Companies Act and the notice of the Court Meeting;

“Scheme Record Time” means 6.00 pm (London (England) time) on the day two Business Days before the Effective Date;

“Scheme Shareholders” mean Holders of Scheme Shares;

“Scheme Shares” mean the Sativa Shares:

- (i) in issue at the date of this document and which remain in issue at the Scheme Record Time;
- (ii) (if any) issued after the date of this document and before the Voting Record Time and which remain in issue at the Scheme Record Time; and
- (iii) (if any) issued at or after the Voting Record Time but at or before the Scheme Record Time on terms that the holder thereof shall be bound by the Scheme or in respect of which the original or any subsequent holders thereof are, or have agreed in writing to be, bound by the Scheme and, in each case, which remain in issue at the Scheme Record Time,

excluding, in each case, any Sativa Shares held by or on behalf of Stillcanna or the Stillcanna Group at the Scheme Record Time;

“Stillcanna” means Stillcanna Inc, a company incorporated in Canada with company number BC0902892, whose registered address is 503 - 905 West Pender Street, Vancouver, BC V6C 1L6, Canada;

“Stillcanna Group” means Stillcanna and its parent and subsidiaries and parent undertakings and subsidiary undertakings from time to time;

“Takeover Code” means the UK City Code on Takeovers and Mergers;

“uncertificated” or **“in uncertificated form”** means, in relation to a share or other security, a share or other security the title to which is recorded as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST;

“Voting Record Time” means 6.00 pm on the day two days prior to the date of the Court Meeting or any adjournment thereof (as the case may be), in each case excluding any day that is not a Business Day;

“£”, **“pence”** or **“sterling”** means the lawful currency of the United Kingdom from time to time; and

“CAD”, **“cents”** or **“dollar”** means the lawful currency of Canada from time to time.

- (B) The issued share capital of Sativa as at the close of business on 21 July 2020 (being the latest practicable date prior to the publication of this Scheme Document) was £1,422,972.9175 divided into 569,189,167 ordinary shares of 0.25 pence each, all of which are credited as fully paid and none of which were held in treasury.
- (C) As at 21 July 2020 (being the last practicable date prior to the publication of this Scheme Document), options, warrants and awards to acquire up to 149,585,256 Sativa Shares have been granted pursuant to the Sativa Options, Sativa Warrants and MIP Shares.
- (D) Stillcanna was incorporated in Canada on 14 February 2011 with business number 830983516.
- (E) As at 21 July 2020 (being the latest practicable date prior to the publication of this Scheme Document), no member of the Stillcanna Group is the Holder of or beneficially owns any Sativa Shares.
- (F) The purpose of this Scheme is to provide for the transfer of the Scheme Shares to Stillcanna in consideration for the issue of the New Stillcanna Shares to the Scheme Shareholders.
- (G) Stillcanna has agreed to appear by counsel at the Court Hearing, to consent to the Scheme, to undertake to be bound thereby and to execute and do, or procure to be executed and done, all such

documents, acts and things as may be necessary or desirable to be executed or done by it or on its behalf for the purpose of giving effect to this Scheme.

THE SCHEME

1. Transfer of Scheme Shares

- (a) On and with effect from the Effective Date, Stillcanna shall acquire all the Scheme Shares fully paid up with full title guarantee and free from all liens, equitable interests, charges, encumbrances, rights of pre-emption and any other third party rights and interests whatsoever and together with all rights existing at the Effective Date or thereafter attaching thereto, including (without limitation) the right to receive and retain, in full, all dividends and other distributions (if any) declared, made or paid or any other return of capital (whether by way of reduction of share capital or share premium account or otherwise) made on or after the Effective Date in respect of the Scheme Shares.
- (b) The Scheme Shares shall be transferred to Stillcanna and such transfer shall be effected by means of a form or forms of transfer or instrument or instruction of transfer and, to give effect to such transfers, any person(s) may be appointed by Stillcanna as attorney and/or agent and/or otherwise, and shall be authorised as such attorney and/or agent and/or otherwise on behalf of the relevant Holder of Scheme Shares to execute and deliver as transferor a form of transfer or other instrument or instruction of transfer, or procure the transfer by means of CREST, of such Scheme Shares and every form, instrument or instruction of transfer so executed shall be as effective as if it had been executed by the Holder or Holders of the Scheme Shares thereby transferred.
- (c) With effect from the Effective Date and pending the registration of Stillcanna as the Holder of the Scheme Shares pursuant to Clauses 1(a) and 1(b) of this Scheme, each Scheme Shareholder irrevocably:
- (i) appoints Stillcanna (or its nominee(s)) as its/his/her attorney to exercise any voting rights attached to the Scheme Shares and any or all rights and privileges attaching to the Scheme Shares;
 - (ii) appoints Stillcanna (or its nominee(s)) as its/his/her attorney to sign any consent to short notice of any general meeting of the Company and/or any separate class meeting of Sativa Shares and on their behalf to execute a form of proxy in respect of such Scheme Shares appointing any person nominated by Stillcanna to attend general meetings of the Company and/or any separate class meetings of Sativa Shareholders;
 - (iii) agrees to hold any distribution or other benefit accruing or payable on the Scheme Shares on trust for Stillcanna; and
 - (iv) authorises and instructs the Company to send to Stillcanna any notice, circular, warrant or other document or communication which the Company sends to its shareholders.

2. Consideration for the transfer of the Scheme Shares

- (a) In consideration for the transfer of the Scheme Shares to Stillcanna and/or its nominee(s) contemplated in Clause 1 of this Scheme, Stillcanna shall, subject as hereinafter provided, allot and issue to or for the benefit of each Scheme Shareholder, New Stillcanna Shares on the following basis:

for each Scheme Share held by such person 0.33507 New Stillcanna Shares

(with 15 September 2020 being the expected latest date for the settlement of New Stillcanna Shares under clause 3 of the Scheme, assuming that the Scheme becomes effective on 1 September 2020).

- (b) Stillcanna reserves the right to reduce the consideration payable under the Acquisition in respect of a Scheme Share by making an adjustment to the Exchange Ratio so as to reduce the implied value under the terms of the Acquisition by an amount up to the amount of any dividend or distribution. To the extent that such a dividend or distribution has been declared, paid, made or is payable or will be: (i) transferred pursuant to the Acquisition on a basis which entitles Stillcanna to receive the dividend or distribution and to retain it; or (ii) cancelled, the Exchange Ratio will not be subject to any such change.
- (c) Fractional entitlements to New Stillcanna Shares for each Scheme Shareholder will be rounded up to the nearest integral number.

3. **Settlement**

Settlement of the consideration due to Scheme Shareholders under Clause 2.1 shall be effected as follows:

- (a) where, immediately prior to the Scheme Record Time, a Scheme Shareholder holds Scheme Shares in certificated form, Stillcanna shall procure that the entitlement to New Stillcanna Shares will be effected by the despatch of DRS Advices representing the New Stillcanna Shares to which the relevant Scheme Shareholder is entitled, by first class post as soon as practicable after the Effective Date, and in any event within 14 days of the Effective Date;
- (b) where, immediately prior to the Scheme Record Time, a Scheme Shareholder holds Scheme Shares in uncertificated form, settlement of entitlements to New Stillcanna Shares will be effected through CREST by way of Depositary Interests. Stillcanna shall procure that Computershare Investor Services PLC as Depositary is issued the New Stillcanna Shares to which such Scheme Shareholders are entitled and shall credit the appropriate stock accounts in CREST of the relevant Scheme Shareholder with Depositary Interests representing the New Stillcanna Shares to which each such Scheme Shareholder is entitled as soon as practicable after the Effective Date, and in any event within 14 days of the Effective Date, provided that Stillcanna reserves the right to settle all or part of such consideration in the manner set out in Clause 3(a) if, for reasons outside its reasonable control, it is not able to effect settlement in accordance with this Clause 3(b).

4. **Certificates representing Scheme Shares and cancellation of CREST entitlements**

- (a) With effect from and including the Effective Date:
 - (i) all certificates representing Scheme Shares shall cease to have effect as documents of title to the shares represented thereby and each Scheme Shareholder shall be bound at the request of the Company to deliver up the same to the Company or to any person nominated by the Company for cancellation, or as it may direct, to destroy the same;
 - (ii) in respect of Scheme Shareholders holding their shares in uncertificated form, Euroclear shall be instructed to cancel such Holders' entitlements to such Scheme Shares; and
 - (iii) following the cancellation of the entitlements to Scheme Shares of Scheme Shareholders in uncertificated form, the Registrars shall be authorised to rematerialise entitlements to such Scheme Shares.
- (b) On or as soon as reasonably practicable after the Effective Date and subject to the completion of such transfers, forms, instruments or instructions as may be required in accordance with Clause 5(a) and the payment of any stamp duty thereon appropriate entries will be made in the register of members of the Company to reflect the transfer of the Scheme Shares to Stillcanna and/or its nominee(s).

5. **Overseas Shareholders**

- (a) The provisions of Clauses 2, 3 and 4 shall be subject to any prohibition or condition imposed by law. Without prejudice to the generality of the foregoing, if in the case of any Scheme Shareholder, Stillcanna is advised that the law of a country or territory outside the United Kingdom precludes the allotment, issue or delivery to it of New Stillcanna Shares under Clause 3 except after compliance by Sativa or Stillcanna (as the case may be) with any governmental or other consent or any registration, filing or other formality with which Sativa or Stillcanna (as the case may be) is unable to comply or compliance with which Stillcanna regards as unduly onerous, then:
 - (i) Stillcanna may, in its sole discretion, determine that the New Stillcanna Shares shall not be allotted and issued to a Scheme Shareholder to whom this Clause 5 applies; and
 - (ii) Stillcanna shall be entitled to treat such Scheme Shareholder as a Restricted Overseas Shareholder.
- (b) In such case, and in the case of any Scheme Shareholder determined by Stillcanna to be a Restricted Overseas Shareholder, the Stillcanna Shares which would have been issued to such Scheme Shareholder shall instead be issued to a nominee appointed by Stillcanna on behalf of such Scheme Shareholder on terms that the nominee shall, as soon as reasonably practicable following the Effective

Date, sell those New Stillcanna Shares so issued with the net proceeds of such sale being remitted to the Restricted Overseas Shareholder.

6. **Effective Date**

- (a) This Scheme shall become operative as soon as an office copy or office copies of an Order or Orders of the Court under Section 899 of the Companies Act 2006 sanctioning this Scheme and making any necessary provisions under Section 900 of the Act has been delivered to the Registrar of Companies for registration and, unless this Scheme has become effective as set out above on or before 30 September 2020 or such later date, if any, as the Court may allow, the same shall never become effective.
- (b) Unless this Scheme has become effective on or before 6.00 pm (London (England) time) on the Longstop Date or such later date, if any, as Sativa and Stillcanna may agree with the consent of the Panel and the Court may allow, it shall lapse and no part of this Scheme shall ever become effective.

7. **Modification**

Sativa and Stillcanna may jointly consent on behalf of all persons concerned to any modification of or addition to this Scheme or to any condition which the Court may think fit to approve or impose. Any such modification or addition may require the consent of the Panel.

8. **Governing Law**

This Scheme is governed by English law and is subject to the exclusive jurisdiction of the Courts of England and Wales. The rules of the Takeover Code apply to this Scheme.

Dated: 22 July 2020

PART 4 - CONDITIONS TO THE IMPLEMENTATION OF THE SCHEME AND TO THE ACQUISITION

1. Conditions to the Scheme and the Acquisition

- (a) The Acquisition and the Scheme will be conditional upon:
- (i) the Court Meeting and the General Meeting being held on or before the 22nd day after the expected date of such meetings or such later date (if any) as Sativa and Stillcanna may agree;
 - (ii) the Court Hearing being held on or before the 22nd day after the expected date of such hearing, or such later date (if any) as Sativa and Stillcanna may agree and (if required) the Court may allow; and
 - (iii) the Scheme becoming unconditional and becoming Effective by no later than the Longstop Date or such later date (if any) as Sativa and Stillcanna may agree and (if required) the Court may allow.
- (b) The Acquisition and the Scheme will also be subject to the following conditions:
- (i) its approval by a majority in number of the holders of Scheme Shares who are on the register of members of Sativa and present, entitled to vote and voting at the Court Meeting, or at any adjournment thereof, by proxy, representing not less than 75% in value of the Scheme Shares held by such holders;
 - (ii) all resolutions required to approve and implement the Scheme (including, without limitation, to amend Sativa's articles of association) being duly passed by the requisite majority or majorities of the Sativa Shareholders at the General Meeting, or at any adjournment thereof;
 - (iii) the sanction of the Scheme by the Court (with or without modifications, on terms reasonably acceptable to Sativa and Stillcanna); and
 - (iv) delivery of an office copy of the Court Order for registration to the Registrar of Companies.
- (c) The Acquisition and the Scheme will also be subject to the following conditions:
- (i) Its approval by the CSE, as is required pursuant to CSE Policy 8 which provides that the Acquisition shall constitute a "fundamental change" of Stillcanna;
 - (ii) its approval by a majority in number of the holders of Stillcanna Shares who are on the register of members of Stillcanna and present, entitled to vote and voting at the Stillcanna Shareholder Meeting, or at any adjournment thereof, by proxy, representing more than 50% in value of the Stillcanna Shares held by such holders; and
 - (iii) Stillcanna having taken all necessary actions (i.e. submission of an application for listing and admission to trading of the New Stillcanna Shares to the CSE, OTC Pink and FSE by not later than three weeks prior to the Effective Date) so that the New Stillcanna Shares begin trading, and the existing Stillcanna Shares will resume trading, on the CSE, OTC Pink and FSE by not later than 14 days after the Effective Date;.
- (d) The Scheme is also conditional on the following conditions having been satisfied or, where applicable, waived by both Stillcanna and Sativa prior to the Court Hearing and accordingly the delivery of an office copy of the Court Order shall not be delivered to Companies House unless such conditions have been so satisfied or waived:

General third party clearances

- (i) no Relevant Authority having decided, threatened or given notice of a decision to take, institute, implement or threaten any action, proceeding, suit, investigation, enquiry or reference (and in each case, not having withdrawn the same), or having required any action to be taken or otherwise having done anything, or having enacted, made or proposed any statute, regulation, decision, order or change to published practice (and in each case, not having

withdrawn the same) and there not continuing to be outstanding any statute, regulation, decision or order which would or might reasonably be expected to:

- make the Acquisition, or the acquisition of any Sativa Shares or control of Sativa by Stillcanna void, unenforceable and/or illegal under the laws of any relevant jurisdiction, or otherwise, directly or indirectly, prevent or prohibit, restrict, restrain or delay or otherwise interfere with the implementation of, or impose additional conditions or obligations with respect to, or otherwise challenge, impede, interfere or require material amendment to the terms of the Acquisition;
- require, prevent or materially delay the divestiture or materially alter the terms envisaged for such divestiture by any member of the Wider Stillcanna Group or by any member of the Wider Sativa Group of all or any part of their respective businesses, assets, property or any shares or other securities (or the equivalent) in any member of the Wider Sativa Group or any member of the Wider Stillcanna Group or impose any limitation on the ability of all or any of them to conduct their respective businesses (or any part thereof) or to own, control or manage any of their respective assets or properties (or any part thereof);
- impose any limitation on, or result in a delay in, the ability of any member of the Wider Stillcanna Group, directly or indirectly, to acquire, hold or exercise effectively all or any rights of ownership in respect of shares or loans or securities convertible into shares or other securities (or the equivalent) in Sativa or on the ability of any member of the Wider Sativa Group or any member of the Wider Stillcanna Group, directly or indirectly, to hold or exercise effectively all or any rights of ownership in respect of shares or loans or any other securities (or the equivalent) in, or to exercise voting or management control over, the Wider Sativa Group;
- except pursuant to sections 974 to 991 of the Companies Act in the event that Stillcanna elects to implement the Acquisition by way of a Takeover Offer, require any member of the Wider Stillcanna Group or the Wider Sativa Group to acquire or offer to acquire any shares, other securities (or the equivalent) or interest in any member of the Wider Sativa Group owned by any Relevant Authority (other than in connection with the implementation of the Acquisition);
- result in any member of the Wider Sativa Group or any member of the Wider Stillcanna Group ceasing to be able to carry on business under any name under which it currently does so in any jurisdiction;
- impose any limitation on, or result in any delay in, the ability of any member of the Wider Stillcanna Group or any member of the Wider Sativa Group to conduct, integrate or co-ordinate all or any part of its business with all or any part of the business of any other member of the Wider Stillcanna Group and/or the Wider Sativa Group;
- require any member of the Wider Sativa Group to terminate or amend in any material way any material contract to which any member of the Wider Sativa Group is a party; or
- otherwise materially adversely affect all or any of the business, assets, liabilities, profits, financial or trading position or prospects of any member of the Wider Sativa Group or any member of the Wider Stillcanna Group,
- and all applicable waiting and other time periods (including any extensions thereof) during which any such Relevant Authority could institute, implement or threaten any such action, proceeding, suit, investigation, enquiry or reference or take any other step under the laws of any jurisdiction in respect of the Acquisition having expired, lapsed or been terminated;

Notifications, waiting periods and authorisations

- (ii) all necessary notifications, filings or applications which are necessary having been made in connection with the Acquisition and all necessary waiting and other time periods (including any extensions thereof) under any applicable legislation or regulation of any jurisdiction having expired, lapsed or been terminated (as appropriate) and all statutory and regulatory

obligations in any jurisdiction having been complied with, in each case, in respect of the Scheme, the Acquisition, and the acquisition of any Sativa Shares, or of control of Sativa, by Stillcanna and all Authorisations deemed reasonably necessary by Stillcanna and Sativa in any jurisdiction for or in respect of the Scheme, the Acquisition, and the acquisition of any Sativa Shares, or of control of Sativa, by Stillcanna having been obtained in terms and in a form reasonably satisfactory to Stillcanna and Sativa from all appropriate third parties or (without prejudice to the generality of the foregoing) from any person or bodies with whom any member of the Wider Sativa Group or the Wider Stillcanna Group has entered into contractual arrangements and all such Authorisations necessary to carry on the business of any member of the Wider Sativa Group in any jurisdiction having been obtained and all such Authorisations remaining in full force and effect at the time at which the Acquisition becomes otherwise wholly unconditional and there being no notice of an intention to revoke or not to renew such Authorisations;

Sativa Shareholder resolution

- (iii) except with the consent or the agreement of Stillcanna, no resolution of Sativa Shareholders in relation to any acquisition or disposal of assets or shares (or the equivalent thereof) in any undertaking or undertakings (or in relation to any merger, demerger, consolidation, reconstruction, amalgamation or scheme) being passed at a meeting of Sativa Shareholders after the date of the Announcement other than in relation to the Acquisition or the Scheme and, other than with the consent or the agreement of Stillcanna, no member of the Wider Sativa Group after the date of the Announcement having taken (or agreed or proposed to take) any action that requires, or would require, the consent of the Panel or the approval of Sativa Shareholders in accordance with, or as contemplated by, Rule 21.1 of the Code;

Stillcanna Shareholder resolution

- (iv) except with the consent or the agreement of Sativa, no resolution of Stillcanna Shareholders in relation to any acquisition or disposal of assets or shares (or the equivalent thereof) in any undertaking or undertakings (or in relation to any merger, demerger, consolidation, reconstruction, amalgamation or scheme) being passed at a meeting of Stillcanna Shareholders after the date of the Announcement other than in relation to the Acquisition or the Scheme and, other than with the consent or the agreement of Sativa, no member of the Wider Stillcanna Group after the date of the Announcement having taken (or agreed or proposed to take) any action that requires, or would require, the consent of the CSE or the approval of Sativa Shareholders;

The Conditions (save for the Conditions in paragraphs 1(a)(ii), (a)(iii), 1(b)(iii), 1(b)(iv), 1(c)) must be satisfied by no later than 11:59 pm on the date immediately preceding the date of the Court Hearing, failing which the Scheme will lapse or, if the Acquisition is implemented by way of a Takeover Offer, no later than as permitted by the Panel. Stillcanna and Sativa shall be under no obligation to waive or treat as fulfilled any of the Conditions which are capable of being waived by a date earlier than the latest date specified above in paragraph 1(a)(i) for the fulfilment or waiver thereof, notwithstanding that any such Condition or other Conditions of the Acquisition may at such earlier date have been waived or fulfilled with the agreement of both Sativa and Stillcanna and that there are at such earlier date no circumstances indicating that any of such Conditions may not be capable of fulfilment.

Each of the Conditions shall be regarded as a separate Condition and shall not be limited by reference to any other Condition.

2. Certain further terms of the Scheme and Acquisition

- (a) Stillcanna reserves the right to elect to implement the Acquisition by way of a Takeover Offer. In such event, such offer will be implemented on the same terms and conditions (or, if Stillcanna otherwise determines and subject to the consent of the Panel) as the Scheme, subject to appropriate amendments to reflect the change in method of effecting the Acquisition, which may include changing the consideration structure under the terms of the Acquisition and (without limitation and subject to the consent of the Panel) an acceptance condition set at 75% (or such lesser percentage, being more than 50% as Stillcanna may decide) of the voting rights then exercisable at a general meeting of Sativa, including, for this purpose, any such voting rights attaching to Sativa Shares that are unconditionally allotted or issued, and to any treasury shares which are unconditionally transferred or sold by Sativa, before the Takeover Offer becomes or is declared unconditional as to acceptances, whether pursuant to the exercise of any outstanding subscription or conversion rights or otherwise.

- (b) If Stillcanna is required by the Panel to make an offer for Sativa Shares under the provisions of Rule 9 of the Takeover Code, Stillcanna may make such alterations to the Conditions and certain further terms of the Scheme and the Acquisition as are necessary to comply with the provisions of that Rule.
- (c) The Acquisition, the Scheme and the Forms of Proxy and any dispute or claim arising out of, or in connection with, them (whether contractual or non-contractual in nature) will be governed by English law and will be subject to the jurisdiction of the Courts of England. The Scheme will be implemented in accordance with applicable English law and will be subject to the applicable requirements of the Code, the Disclosure Guidance and Transparency Rules of the FCA, the Panel and the AQSE Rules and also with the applicable requirements of Canadian laws and the policies of the CSE, the OTC Pink and the FSE as a result of Stillcanna being a Canadian company trading or otherwise being quoted on the CSE, the OTC Pink and the FSE.
- (d) The Sativa Shares shall be acquired with full legal title and beneficial ownership by Stillcanna fully paid and free from all liens, equitable interests, charges, encumbrances, rights of pre-emption and any other third party rights and interests whatsoever and together with all rights existing at the Effective Date or thereafter attaching thereto, including (without limitation) the right to receive and retain, in full, all dividends and other distributions (if any) declared, made or paid or any other return of capital (whether by way of reduction of share capital or share premium account or otherwise) made on or after the Effective Date in respect of the Sativa Shares. If any dividend or other distribution or return of value is proposed, declared, made, paid or becomes payable by Sativa in respect of a Sativa Share on or after the date of the Announcement and prior to the Effective Date, Stillcanna will have the right to reduce the value of the consideration payable for each Sativa Share by up to the amount per Sativa Share of such dividend, distribution or return of value except where the Sativa Share is or will be acquired pursuant to the Scheme on a basis which entitles Stillcanna to receive the dividend, distribution or return of value and to retain it. If any such dividend or distribution or return of value is paid or made after the date of the Announcement and Stillcanna exercises its rights described above, any reference in this Announcement to the consideration payable under the Scheme shall be deemed to be a reference to the consideration as so reduced. Any exercise by Stillcanna of its rights referred to in this paragraph shall be the subject of an announcement and, for the avoidance of doubt, shall not be regarded as constituting any revision or variation of the terms of the Scheme.
- (e) The Acquisition will lapse and the Scheme will not proceed if:
 - (i) insofar as the Acquisition or any matter arising from or relating to the Acquisition or Scheme constitutes a concentration with a Community dimension within the scope of the EC Merger Regulation, the European Commission either initiates Phase 2 European Commission proceedings under Article 6(1)(c) of the EC Merger Regulation or makes a referral to a competent authority in the United Kingdom under Article 9(1) of the EU Merger Regulation and there is then a CMA Phase 2 Reference before the date of the Court Meeting; or
 - (ii) insofar as the Acquisition or any matter arising from or relating to the Acquisition or Scheme does not constitute a concentration with a community dimension within the scope of the EC Merger Regulation and the Acquisition or any matter arising from or relating to the Acquisition is subject to a CMA Phase 2 Reference before the date of the Court Meeting.
 - (iii) Under Rule 13.5 of the Code, Stillcanna may not invoke a Condition so as to cause the Acquisition not to proceed, or to lapse, or to be withdrawn, unless the circumstances which give rise to the right to invoke the Condition are of material significance to Stillcanna in the context of the Acquisition. Conditions 1(a), 1(b) and 1(c) are not subject to this provision of the Takeover Code.
 - (iv) Stillcanna reserves the right for any other entity directly or indirectly owned by Stillcanna from time to time to implement the Acquisition.
 - (v) The availability of the New Stillcanna Shares to persons not resident in the UK may be affected by the laws of the relevant jurisdictions. Persons who are not resident in the UK should inform themselves about and observe any applicable requirements. The New Stillcanna Shares to be issued pursuant to the Acquisition have not been and will not be registered under the US Securities Act, nor under any of the relevant securities laws of any other Restricted Jurisdiction. Accordingly, the New Stillcanna Shares may not be offered, sold or delivered, directly or indirectly, in any Restricted Jurisdiction, except pursuant to exemptions from the applicable requirements of any such jurisdiction.

- (vi) The New Stillcanna Shares will be issued credited as fully paid and non-assessable and will rank pari passu in all respects with the existing Stillcanna Shares at the time the New Stillcanna Shares are issued, including the right to receive and retain dividends and other distributions declared, made or paid by reference to a record date falling after the date on which the Scheme becomes Effective.
- (vii) Fractional entitlements to New Stillcanna Shares for each Scheme Shareholder will be rounded up to the nearest integral number.
- (viii) Unless otherwise determined by Stillcanna or required by the Takeover Code and permitted by applicable law and regulations, the Acquisition is not being, and will not be, made, directly or indirectly, in, into or by the use of the mails of, or by any other means or instrumentality (including, but not limited to, facsimile, email or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or of any facility of a national, state or other securities exchange of, any Restricted Jurisdiction and will not be capable of acceptance by any such use, means, instrumentality or facility or from or within any Restricted Jurisdiction.

PART 5 - FINANCIAL INFORMATION ON SATIVA

The following table sets out financial information in respect of Sativa as required by Rule 24.3 of the Code. The documents referred to below (or parts thereof), the contents of which have previously been announced through a Regulatory Information Service, are incorporated by reference into, and form part of, this Scheme Document in accordance with Rule 24.15 of the Code.

- (i) the consolidated audited accounts for the Company for the financial year ended 31 December 2019 are set out on pages 23 to 55 (both inclusive) of Sativa's Annual Report 2019 available from Sativa's website at <https://sativagroup.co.uk/cbd-medical-cannabis-investor-information/cbd-medical-cannabis-investor-information/>; and
- (ii) the consolidated audited accounts for the Company for the financial year ended 31 December 2018 are set out on pages 23 to 53 (both inclusive) of Sativa's Annual Report 2018 available from Sativa's website at <https://sativagroup.co.uk/cbd-medical-cannabis-investor-information/cbd-medical-cannabis-investor-information/>.

Sativa will provide without charge to each person to whom a copy of this Scheme Document has been delivered (upon the written or oral request of such person) a hard copy of any document relating to it which is incorporated by reference into this Scheme Document. You may request a hard copy of any such documents by contacting Anne Tew, Company Secretary, at Anne.Tew@sativagroup.co.uk between 8.30 a.m. to 5.30 p.m., Monday to Friday (except for public holidays in England and Wales) or by submitting a request in writing to Anne Tew, The Blue Building Stubbs Lane, Beckington, Frome, Somerset, England, BA11 6TE. Copies of any document or information incorporated by reference into this Scheme Document will not be provided unless such a request is made.

PART 6 - FINANCIAL INFORMATION ON STILLCANNNA GROUP

The following table sets out financial information in respect of Stillcanna as required by Rule 24.3 of the Code. The documents referred to below (or parts thereof), are incorporated by reference into, and form part of, this Scheme Document in accordance with Rule 24.15 of the Code.

- (i) the consolidated audited accounts for StillCanna for the financial year ended 31 July 2019 are set out on pages 4 to 33 (both inclusive) of Stillcanna's Annual Report 2019 available from Sativa's website at <https://sativagroup.co.uk/cbd-medical-cannabis-investor-information/scheme-of-arrangement/>; and
- (ii) the consolidated audited accounts for Stillcanna for the financial year ended 31 July 2018 are set out on pages 3 to 26 (both inclusive) of Stillcanna's Annual Report 2018 available from Sativa's website at <https://sativagroup.co.uk/cbd-medical-cannabis-investor-information/scheme-of-arrangement/>.

All documents referred to above are available in "read only" format for printing, reviewing and downloading free of charge on Stillcanna's website at www.stillcanna.com.

Stillcanna will provide without charge to each person to whom a copy of this Scheme Document has been delivered (upon the written or oral request of such person) a hard copy of any document relating to it which is incorporated by reference into this Scheme Document. You may request a hard copy of any such documents by contacting Ilona Kiss, Company Secretary, at ilona@stillcanna.com between 8.30 a.m. to 5.30 p.m., Monday to Friday (except for public holidays in Canada) or by submitting a request in writing to Ilona Kiss, 409 – 221 West Esplanade, North Vancouver, BC, V7M 3J3. Copies of any document or information incorporated by reference into this Scheme Document will not be provided unless such a request is made.

PART 7 - ADDITIONAL INFORMATION ON THE SATIVA GROUP AND THE STILLCANN A GROUP

1. Responsibility

- (a) The Sativa Directors, whose names are set out in paragraph 2 of this Part 7, accept responsibility for all the information contained in this document relating to: (i) Sativa and the Sativa Group, the opinions of Sativa and the Sativa Group, the Sativa Directors and members of their immediate families, related trusts and persons connected with the Sativa Group, (ii) the recommendations and opinions of the Sativa Directors relating to the Acquisition contained in Part 1 of this document and (iii) the Scheme, except for that information for which the Stillcanna Directors accept responsibility relating to Stillcanna Group and the opinions of Stillcanna in accordance with paragraph 1(b) below. To the best of the knowledge and belief of the Sativa Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.
- (b) The Stillcanna Directors, whose names are set out in paragraph 2 of this Part 7, accept responsibility for the information contained in this document relating to Stillcanna Group and the opinions of Stillcanna. To the best of the knowledge and belief of the Stillcanna Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of that information.

2. Directors

- (a) The Sativa Directors and their respective functions are:

Jonathan Peter Wearing	Chairman
Henry Lees-Buckley	Chief Executive Officer
Joseph Tregonning Colliver	Chief Financial Officer
Geremy Howard Prance Thomas	Deputy Chairman
Angus Jeremy Kerr	Non-Executive Director
Mark Blower	Non-Executive Director

- (b) The registered office of Sativa, which is also the business address of each of its directors, is The Blue Building Stubbs Lane, Beckington, Frome, Somerset, England, BA11 6TE.

- (c) The Stillcanna Directors and their respective functions are:

Jason Dussault	Chief Executive Officer
Shae De Jaray	Chief Operating Officer
William Macdonald	Non-Executive Director
Warren Robinson	Non-Executive Director

- (d) The registered office of Stillcanna, which is also the business address of each of Stillcanna Directors, is 503 - 905 West Pender St. Vancouver, BC V6C 1L6, Canada.

3. Disclosure of interests and dealings

Interests in Sativa securities

- (a) At the close of business on the Disclosure Date, the Sativa Directors (together with their Interested Persons) were interested in, or had a right to subscribe for, the following relevant Sativa securities:

Interests other than options			
Registered holder	Owner or controller of interest	Nature of interest or right	Number of relevant Sativa Shares
Jonathan Wearing	Within ISA	Sativa Shares	50,000
Henry Lees-Buckley	N/A	N/A	N/A
Joseph Colliver	N/A	N/A	N/A
Geremy Thomas	Owner	Sativa Shares	224,000,000
CML	100% controlled by Geremy Thomas	Sativa Shares	10,000,000
Angus Kerr	N/A	N/A	N/A
Mark Blower	N/A	Sativa Shares	6,000,000

Awards in respect of Sativa Shares				
Name of holder	Date of grant	Exercise price (pence)	Normal vesting date*	Sativa Shares subject to Sativa Options, Sativa Warrants, MIP Shares or Value Capped Options
Jonathan Wearing	N/A	N/A	N/A	N/A
Henry Lees-Buckley	03/06/20	0.5	03/06/20	30,000,000
Joseph Colliver	30/03/20	1.5	1/3 30/3/20 1/3 30/3/21 1/3 30/3/22	3,350,000
Joseph Colliver	30/03/20	2.25	30/3/2022	4,444,447
Joseph Colliver	17/03/20	2.3	1/3 First Anniversary 1/3 Second Anniversary 1/3 Third Anniversary	3,076,923
Geremy Thomas	03/06/20	0.5	03/06/20	37,200,852
Angus Kerr	03/06/20	2.25	03/06/20	2,222,222
Mark Blower	03/06/20	0.5	03/06/20	9,000,000

*Earliest vesting date for a percentage of the total number of relevant Sativa Shares listed.

- (b) The Sativa Directors intend, in respect of their own beneficial holdings, to accept the Offer.

Dealings in Sativa securities

- (c) During the Disclosure Period the Sativa Directors dealt in the following relevant Sativa securities:

Name	Transaction type	Number of relevant Sativa securities	Dealing Date	Price per relevant Sativa security (p)
Henry Lees-Buckley	Issue of Value Capped Options and MIP Shares	Value Capped Options and MIP Shares granting rights over up to 30,000,000 Sativa Shares	3 June 2020	0.5
Jeremy Thomas	Surrender of Sativa Options	72,200,852	3 June 2020	N/A
Jeremy Thomas	Issue of Value Capped Options and MIP Shares	Value Capped Options and MIP Shares granting rights over up to 37,200,852 Sativa Shares	3 June 2020	0.5
Angus Kerr	Surrender of Sativa Options	2,222,222	3 June 2020	N/A
Angus Kerr	Issue of Value Capped Options and MIP Shares	Value Capped Options and MIP Shares granting rights over up to 2,222,222 Sativa Shares	3 June 2020	2.25
Mark Blower	Surrender of Sativa Options	9,000,000	3 June 2020	N/A
Mark Blower	Issue of Value Capped Options and MIP Shares	Value Capped Options and MIP Shares granting rights over up to 9,000,000 Sativa Shares	3 June 2020	0.5
Joseph Colliver	Issue of MIP Shares	MIP Shares granting rights over up to 3,076,923 Sativa Shares	17 June 2020	2.3

(d) During the Disclosure Period persons acting in concert with Sativa dealt in the following relevant Sativa securities:

Name	Transaction type	Number of relevant Sativa securities	Dealing Date	Price per relevant Sativa security (p)
Henry Lees-Buckley	Issue of Value Capped Options and MIP Shares	Value Capped Options and MIP Shares granting rights over up to 30,000,000 Sativa Shares	3 June 2020	0.5

Name	Transaction type	Number of relevant Sativa securities	Dealing Date	Price per relevant Sativa security (p)
Jeremy Thomas	Surrender of Sativa Options	72,200,852	3 June 2020	N/A
Jeremy Thomas	Issue of Value Capped Options and MIP Shares	Value Capped Options and MIP Shares granting rights over up to 37,200,852 Sativa Shares	3 June 2020	0.5
Angus Kerr	Surrender of Sativa Options	2,222,222	3 June 2020	N/A
Angus Kerr	Issue of Value Capped Options and MIP Shares	Value Capped Options and MIP Shares granting rights over up to 2,222,222 Sativa Shares	3 June 2020	2.25
Mark Blower	Surrender of Sativa Options	9,000,000	3 June 2020	N/A
Mark Blower	Issue of Value Capped Options and MIP Shares	Value Capped Options and MIP Shares granting rights over up to 9,000,000 Sativa Shares	3 June 2020	0.5
Joseph Colliver	Issue of MIP Shares	MIP Shares granting rights over up to 3,076,923 Sativa Shares	17 June 2020	2.3

Interests in Stillcanna securities

- (e) At the close of business on the Disclosure Date, the Stillcanna Directors (together with their Interested Persons) were interested in, or had a right to subscribe for, the following relevant Stillcanna securities:

Interests other than options			
Registered holder	Owner or controller of interest	Nature of interest or right	Number of relevant Stillcanna Shares
Jason Dussault	Owner	Stillcanna shares	150,000*
Shae De Jaray	Owner	Stillcanna shares	2,848,436
Bill MacDonald	N/A	N/A	N/A
Warren Robinson	N/A	N/A	N/A

* Diane Stafrace, the wife of Jason Dussault, holds 40,000 Stillcanna Shares, which are included within this figure.

Options				
Name of holder	Date of grant	Exercise price (pence)	Normal vesting date*	Number of relevant Stillcanna Shares
Jason Dussault	Owner	\$0.19	07/31/18	350,000
Shae De Jaray	Owner	\$0.63	10/15/18	250,000
Bill MacDonald	Owner	\$1.23	08/27/19	300,000
Warren Robinson	Owner	\$1.23	08/27/19	350,000
Jason Dussault	Owner	\$0.19	07/31/18	350,000

*Earliest vesting date for a percentage of the total number of relevant Stillcanna Shares listed.

Dealings in Stillcanna securities

- (f) During the Disclosure Period no Stillcanna Directors have dealt in Stillcanna securities.
- (g) During the Disclosure Period no persons acting in concert with Stillcanna have dealt in the Stillcanna securities.

General

- (h) Neither Stillcanna nor any persons acting in concert with Stillcanna, nor any of the close relatives or related trusts or other Interested Persons of the Stillcanna Directors are interested in, or have a right to subscribe for, or holds a short position in relation to, any relevant Sativa securities, nor has any such person dealt in any relevant Sativa securities during the Disclosure Period.
- (i) Neither Sativa nor any of the Sativa Directors are interested in, or has a right to subscribe for, or holds a short position in relation to, any relevant Stillcanna securities.
- (j) No person with whom Stillcanna or any person acting in concert with Stillcanna has any arrangement (including any indemnity or option arrangement), agreement or understanding, formal or informal, of whatever nature, relating to relevant Sativa securities which may be an inducement to deal or refrain from dealing, is interested in, or has a right to subscribe for, or holds a short position in relation to, any relevant Sativa securities, nor has any such person dealt in any relevant Sativa securities during the Disclosure Period.
- (k) Neither Stillcanna nor any person acting in concert with Stillcanna has borrowed or lent any relevant Sativa securities (save for any borrowed shares which have been either on-lent or sold).
- (l) Neither Stillcanna nor the Stillcanna Directors nor their Interested Persons are interested in, or have a right to subscribe for, or holds a short position in relation to, any relevant Sativa securities, nor has any such person dealt in any relevant Sativa securities or any relevant Sativa securities during the Disclosure Period.
- (m) Save as disclosed above, neither the Stillcanna Directors nor their Interested Persons are interested in, or have a right to subscribe for, or holds a short position in relation to, any relevant Sativa securities, nor has any such person dealt in any relevant Sativa securities during the Disclosure Period.
- (n) Save as disclosed above, neither Sativa nor any of the Sativa Directors nor any person acting in concert with Sativa is interested in, or has a right to subscribe for, or holds a short position in relation

to, relevant Sativa securities, nor has any such person dealt in any relevant Sativa securities during the Disclosure Period.

- (o) No person with whom Sativa or any person acting in concert with Sativa, has any arrangement (including any indemnity or option arrangement), agreement or understanding, formal or informal, of whatever nature, relating to relevant Sativa securities which may be an inducement to deal or refrain from dealing, dealt in any relevant Sativa securities during the Disclosure Period.
- (p) Neither Sativa nor any person acting in concert with Sativa has borrowed or lent any relevant Sativa securities (save for any borrowed shares which have either been on-lent or sold).

4. Irrevocable undertakings

- (a) Stillcanna or persons acting in concert with it have procured irrevocable commitments from the Sativa Directors and certain Sativa Shareholders to vote, or procure a vote, in favour of the Scheme at the Court Meeting and the Resolution relating to the Acquisition at the General Meeting. Such irrevocable commitments are in respect of the following relevant Sativa securities:

Name of registered holder	Name of beneficial owner (if different from registered holder)	Number of relevant Sativa Shares	Relevant number of Sativa securities under option / warrants	% of existing Sativa Shares in issue (approx.)
Jeremy Thomas	N/A	224,000,000	37,200,852	39.35%
JIM Nominees Limited	Carbon Managers / (100% owned Jeremy Thomas)	10,000,000	N/A	1.76%
BMAK Investments Ltd	Ken Lawrence	43,833,337	22,500,000	7.70%
Hargreaves Lansdowne	Ken Lawrence	1,500,000	N/A	0.26%
Seguro Nominees Limited	Ms T N Rogers	18,833,335	N/A	3.31%
Forest Nominees Ltd	Mr R J Lonsdale	18,833,335	N/A	3.31%
Thomas Grant and Company Nominees Limited	Mr Sean O'Driscoll	18,766,670	N/A	3.30%
Hargreaves Lansdowne	George Thomas	18,000,000	N/A	3.16%
JIM Nominees Limited	George Thomas	500,000	N/A	0.09%
GDS Investment Holdings Ltd	Spencer Green	16,666,670	N/A	2.93%
Vidacos Nominees Ltd	Andrew MacDonald	10,515,000	2,500,000	1.85%
BNY Mellon Nominees Ltd	Thomas Christy	9,250,000	N/A	1.63%
Hargreaves Lansdowne Nominees Ltd	Emma Thomas	9,000,000	N/A	1.58%
Hargreaves Lansdowne Nominees Ltd	William Thomas	9,000,000	N/A	1.58%
JIM Nominees Limited	Wintons Holdings Ltd	7,933,335	N/A	1.39%
Mark Blower	N/A	6,000,000	9,000,000	1.05%
Crispin Thomas	N/A	4,500,000	N/A	0.79%
Couttes & Co	Crispin Thomas	220,165	N/A	0.04%
JIM Nominees	JH Racing	3,966,667	N/A	0.70%

Limited	Advertising & Promotional Ltd			
Thomas Grant and Company Nominees Limited	Peterhouse Capital Limited No1 Account	3,357,500	N/A	0.59%
Hargreaves Lansdowne Nominees Ltd	Barrie Wheatley	1,995,507	1,250,000	0.35%
Hargreaves Lansdowne Nominees Ltd	Marc Howells	1,767,091	1,000,000	0.31%
Edward Ferris	N/A0	1,250,000	N/A	0.22%
JIM Nominees Limited	S Lever	1,250,000	N/A	0.22%
JIM Nominees Limited	Clive Standish	1,250,000	1,250,000	0.22%
GPIM Limited	Tiffany Hoare	1,000,000	1,000,000	0.18%
Hargreaves Lansdowne Nominees Ltd	Richard Scott-Wilson	934,411	N/A	0.16%
Julian Bosdet	N/A	900,000	N/A	0.16%
JIM Nominees Limited	Andy Bath	625,000	N/A	0.11%
Hargreaves Lansdowne Nominees Ltd	Ivailo Bojkov	527,755	N/A	0.09%
Anne Tew	N/A	1,173,077	1,173,077	0.04%
Hargreaves Lansdowne Nominees Ltd	Nick Norniman	201,201	N/A	0.04%
Ferlim Nominees Ltd	Jonathan Wearing	50,000	N/A	0.01%

- (b) The irrevocable commitment to vote, or procure a vote, in favour of the Scheme at the Court Meeting and the Resolution relating to the Acquisition at the General Meeting given by the Sativa Directors extend to any Sativa Shares arising from the exercise of any Sativa Options or Sativa Warrants.
- (c) The irrevocable undertakings from the Sativa Directors will cease to be binding only if:
- (i) this document is not published within 28 days of the day of release of the Announcement (or within such longer period as the Panel may agree); or
 - (ii) the Scheme is withdrawn or lapses, save for where the Scheme is withdrawn or lapses solely as a result of Stillcanna exercising its right to implement the Acquisition by way of a Takeover Offer rather than the Scheme or where it is replaced by a new or revised scheme of arrangement.
- (d) Completion of the Acquisition will be subject, inter alia, to Stillcanna obtaining the approval of the approval of a majority of Stillcanna Shareholders at the Stillcanna Shareholder Meeting. In connection with the resolutions proposed to be put to Stillcanna Shareholders at the Stillcanna Shareholder Meeting, Sativa has entered into voting and support agreements with certain Stillcanna Shareholders in respect of the 35,820,212 Stillcanna Shares and representing approximately 32.3 per cent. of Stillcanna's existing issued and outstanding share capital. These agreements provide, amongst other things, for the Stillcanna Shareholders in question to not take certain actions which may jeopardise the Acquisition and for them to vote in favour of the resolutions to approve the Acquisition.
- (e) Each of the following Stillcanna Shareholders have entered into voting and support agreements with Sativa Stillcanna to vote in favour of the Acquisition at the Stillcanna Shareholder Meeting, as follows:

Name of registered holder	Name of beneficial	Number of relevant	Relevant number of	% of existing Stillcanna
---------------------------	--------------------	--------------------	--------------------	--------------------------

	owner (if different from registered holder)	Stillcanna Shares	Stillcalla securities under option	Shares in issue (approx.)
Krystyna Bojek	N/A	10,000,000	N/A	9.02%
Zofia Vahlberg	N/A	10,000,000	N/A	9.02%
Marc Crimeni	N/A	4,735,940	350,000	4.27%
Shae De Jaray	N/A	2,848,436	250,000	2.57%
Cardinal Advisory Services Inc.	N/A	1,960,000	N/A	1.77%
Jeremy Poirier	N/A	1,556,500	N/A	1.40%
Jelena Jakoljevic	N/A	1,549,836	N/A	1.40%
Yip Chun Yu	N/A	1,444,000	N/A	1.30%
Tom Varga	N/A	800,000	150,000	0.72%
Ocean Crest Limited	N/A	533,000	N/A	0.48%
Scott Secord	N/A	252,500	1,000,000	0.23%
Jason Dussault	N/A	140,000	350,000	0.13%

- (f) The irrevocable commitments given by the Stillcanna Shareholders will only cease to be binding if:
- (i) Stillcanna announces that it does not intend to proceed with the Acquisition;
 - (ii) The Scheme lapses or is withdrawn in accordance with its terms; or
 - (iii) As of 11.59pm (Pacific) on the Effective Date.

5. Market quotations

- (a) The following table sets out the middle market quotations for Sativa Shares derived from the AQSE, for the first dealing day in each of the six months immediately prior to the date of this Scheme Document, for 21 April 2020 (being the last dealing day prior to the commencement of the offer period) and for the Disclosure Date (the latest practicable date before the publication of this document):

Relevant date	Sativa share price (p)	Stillcanna share price (\$)
21 July 2020	3.125	0.095
1 July 2020	3.125	0.095
1 June 2020	2.625	0.095
1 May 2020	2.625	0.095
21 April 2020	2.625	0.095
1 April 2020	2.625	0.055
2 March 2020	3.75	0.13
3 February 2020	3.75	0.15

* The Sativa Shares were suspended from trading on the AQSE with effect from market open on 22 April 2020, pending a firm intention to make an offer pursuant to Rule 2.7 of the Code and therefore trading in the Sativa Shares recommenced on 4 June 2020. The Stillcanna Shares were halted from trading on the CSE, OTC Pink and the FSE with effect from 8.42 a.m. PST on 17 April 2020. The Stillcanna halt will be in place pending completion of the Acquisition.

6. Service contracts and appointment letters of Sativa Directors

- (a) Each of the Executive Directors have entered into a service contract with Sativa. Their respective salaries and notice periods (which may be given by either party) are as follows:

<i>Name</i>	<i>Date of service contract</i>	<i>Annual Salary</i> £	<i>Notice Period</i>
Henry Lees-Buckley	19 August 2019	250,000	12 months
Joseph Tregonning Colliver	28 August 2018	120,000	12 months*

*in the 3 months preceding, or the 2 months following a change of control, Joseph Tregonning Colliver's notice period is 12 months.

- (b) Each of the service contracts provide for the Executive Director's salary to be reviewed annually. The Executive Directors are also entitled to other benefits commensurate with their position including pension contributions, bonus, life assurance and private medical insurance.

Service Agreement of Henry Lees-Buckley

- (c) Mr Lees-Buckley entered into a service agreement with Sativa dated 19 August 2019, subject to termination upon 12 months' notice by either party up to 1 January 2022, and not less than 6 months' notice thereafter provided that any notice of termination shall expire no earlier than 31 December 2022. The service agreement provides for an annual salary of £250,000. In addition, Mr Lees-Buckley was also entitled to be reimbursed for relocation expenses up to a maximum of £7,000. The service agreement contains post-termination restrictive covenants which (among other restrictions) restrict the executive from competing with Sativa for 3 months following the termination of his employment. It is proposed that an updated service agreement be entered into by Mr Lees-Buckley and Sativa on or before the Effective Date on largely the same terms as the existing service agreement save that the new service agreement will cover the proposed appointment of Mr Lees-Buckley to the Stillcanna Board. This will not provide for any additional remuneration to be paid to Mr Lees-Buckley.

Service Agreement of Joseph Colliver

- (d) Mr Colliver entered into a service agreement with Sativa dated 28 August 2019, subject to termination upon 3 months' notice by either party unless where Mr Colliver's appointment is terminated by Sativa in the 3 months preceding, or the 2 months following a change of control, in which case 12 months' notice to terminate must be given by Sativa. The service agreement provides for an annual salary of £120,000 and he was also entitled to receive options to subscribe for Sativa Shares up to an aggregate value of £50,250 at an exercise price of 1.5p, vesting over 3 years. The service agreement contains post-termination restrictive covenants which (among other restrictions) restrict the executive from competing with Sativa for 3 months following the termination of his employment. It is proposed that an updated service agreement be entered into by Mr Colliver and Sativa on or before the Effective Date on largely the same terms as the existing service agreement save that the new service agreement will cover the proposed appointment of Mr Colliver to the Stillcanna Board. This will not provide for any additional remuneration to be paid to Mr Colliver.
- (e) Each of the Non-Executive Directors have entered into letters of appointment with. Their respective salaries and days of service are as follows:

<i>Name</i>	<i>Annual fee</i>	<i>Number of days per annum</i>
Jonathan Peter Wearing	£36,000	24
Jeremy Howard Prance Thomas	£36,000	24
Angus Jeremy Kerr	£30,000	24
Mark Blower	£30,000	24

- (f) Each of the Non-executive Directors has been appointed on terms which can be terminated by either party on 3 months' notice, unless otherwise stated.
- (g) Save as referred to below, no contract of service between any Sativa Director and Sativa or any of its subsidiaries has been amended or replaced within the six months preceding the date of this document.

Agreement of Jonathan Peter Wearing

- (h) Mr Wearing's services as Chairman are provided under the terms of a letter of appointment with Sativa dated 31 August 2019. The appointment was initially valid until 31 March 2020 but was extended to 31 March 2021. The appointment letter provides for an annual fee of £36,000 and Mr Wearing is required to provide services to Sativa for 2 days per month. The appointment will terminate on 31 March 2021 unless terminated earlier by either party upon 3 months' notice or in the event of a change of control of Sativa. It is proposed that an updated letter of appointment be entered into by Mr Wearing and Sativa on or before the Effective Date on largely the same terms as the existing letter of appointment save that the new letter of appointment will cover the proposed appointment of Mr Wearing to the Stillcanna Board. This will not provide for any additional remuneration to be paid to Mr Wearing.

Agreement of Jeremy Howard Prance Thomas

- (i) Mr Thomas' services as Deputy Chairman are provided under the terms of a letter of appointment with Sativa dated 1 September 2019. The appointment was initially valid until 31 March 2020 but was extended to 31 March 2021. The appointment letter provides for an annual fee of £36,000 and Mr Thomas is required to provide services to Sativa for 2 days per month. The appointment will terminate on 31 March 2021 unless terminated earlier by either party upon 3 months' notice or in the event of a change of control of Sativa. Mr Thomas will resign as a Sativa Director upon completion of the Acquisition and will not be joining the Stillcanna Board.

Agreement of Angus Jeremy Kerr

- (j) Mr Kerr's services as Non-Executive Director are provided under the terms of a letter of re-appointment with Sativa dated 31 August 2019. The appointment was initially valid until 31 March 2020 but was extended to 31 March 2021. The appointment letter provides for an annual fee of £30,000 and Mr Kerr is required to provide services to Sativa for 2 days per month. The appointment will terminate on 31 March 2021 unless terminated earlier by either party upon 3 months' notice or in the event of a change of control of Sativa. It is proposed that an updated letter of appointment be entered into by Mr Kerr and Sativa on or before the Effective Date on largely the same terms as the existing letter of appointment save that the new letter of appointment will cover the proposed appointment of Mr Kerr to the Stillcanna Board. This will not provide for any additional remuneration to be paid to Mr Kerr.

Agreement of Mark Blower

- (k) Mr Blower's services as Non-Executive Director are provided under the terms of a letter of appointment with Sativa dated 24 October 2018. The appointment was initially valid until 31 March 2020 but was extended to 31 March 2021. The appointment letter provides for an annual fee of £30,000 and Mr Blower is required to provide services to Sativa for 2 days per month. The appointment will terminate on 31 March 2021 unless terminated earlier by either party upon 3 months' notice or in the event of a change of control of Sativa. It is proposed that an updated letter of appointment be entered into by Mr Blower and Sativa on or before the Effective Date on largely the same terms as the existing letter of appointment save that the new letter of appointment will cover the proposed appointment of Mr Blower to the Stillcanna Board. This will not provide for any additional remuneration to be paid to Mr Blower.
- (l) None of the Directors' and Senior Managers' contracts explicitly provide for termination payments Annex I, or damages but Sativa may make payment in lieu of notice, which would consist of basic salary and other relevant emoluments for the relevant notice period.

7. Offer related arrangements

(a) Letter of Intent

On 19 April 2020 Sativa and Stillcanna entered into a Letter of Intent in relation to the Acquisition pursuant to which Stillcanna expressed its intention to pursue a potential transaction resulting in its acquisition of the Sativa Shares. Pursuant to the Letter of Intent Stillcanna undertook to operate within its projected monthly burn rate and to not amend the terms of its employment contracts with its executive officers. Sativa undertook not to amend the terms of its employment contracts with its executive directors. The proposed Acquisition is only terminable by Stillcanna in specific circumstances, including where there is a material adverse change applicable to Stillcanna or Sativa, or with the mutual consent of both parties. Otherwise, if Stillcanna does not complete the proposed transaction, it will be required to pay Sativa a break fee equal to the greater of £1,000,000, or if Stillcanna enters into an alternative transaction, 25% of the value paid by Stillcanna or for Stillcanna's securities or assets (as the case may be) in such alternative transaction. Appended to the Letter of Intent is a confidentiality and exclusivity deed. From the signing of the Letter of Intent, each of Stillcanna and Sativa agreed to allow the other to have access to all relevant information in order to carry out due diligence in connection with the Acquisition. Each of Sativa and Stillcanna have

undertaken to keep confidential information relating to the other party and not to disclose it to third parties (others than permitted persons) unless required by law or regulation. These confidentiality obligations will remain in force for a period 24 calendar months. In addition, Stillcanna has agreed it will not, within 60 calendar days of signing the Letter of Intent, pursue any alternative transaction to the Acquisition. The Letter of Intent is governed by Canadian law.

(b) **Bid Conduct Agreement**

On 2 June 2020 Sativa and Stillcanna entered into a bid conduct agreement (“**Bid Conduct Agreement**”) in connection with the Acquisition. Among other things, Sativa and Stillcanna have agreed to:

- (i) provide each other with such information as necessary for Sativa to prepare this document;
- (ii) to implement certain proposals with respect to the Sativa Options and Warrants as described in paragraph 12 of Part 2 of this document; and
- (iii) to co-operate with each other and to provide such information as may be necessary to obtain any required regulatory clearances.

The Bid Conduct Agreement records the intention of Sativa and Stillcanna to implement the Acquisition by way of the Scheme, subject to the ability of Stillcanna to proceed by way of a Takeover Offer in certain circumstances, subject to the consent of the Panel. It also contains customary termination provisions which permit Sativa to terminate the Bid Conduct Agreement in certain circumstances, such as where the Sativa Directors withdraw or adversely modify their recommendation of the Acquisition. Furthermore, the provisions relating to a break fee payable by Stillcanna to Sativa in certain circumstances on termination as set out in the Letter of Intent are repeated in the Bid Conduct Agreement. The Bid Conduct Agreement is governed by the laws of England and Wales.

(c) **Resulting Issuer Escrow Agreement**

Under the policies of the CSE, on the Effective Date certain Scheme Shareholders who will be “related persons” of Stillcanna will be required to enter into a Resulting Issuer Escrow Agreement with Stillcanna and the Escrow Agent. In particular, this will include all those individuals that are to be directors or officers of Stillcanna, together with anyone that will hold 10% or more of the Stillcanna Shares in issue following completion of the Acquisition. Those parties required to enter into a Resulting Issuer Escrow Agreement shall be the following “Locked-In Parties”:

Name	Number of New Stillcanna Shares	Number of New Stillcanna Options/ New Stillcanna Warrants
Jeremy Howard Prance Thomas	78,407,125	12,465,008
Henry Lees-Buckley	-	10,052,195
Mark Blower	2,010,439	3,015,669
Jonathan Peter Wearing	16,754	-
Angus Jeremy Kerr	-	744,607
Joseph Colliver	-	3,642,705
Anne Tew	83,768	839,831

In addition, Jason Dussault will enter into a Resulting Issuer Escrow Agreement with Stillcanna and the Escrow Agent in respect of 110,000 existing Stillcanna Shares and 350,000 existing Stillcanna options.

Pursuant to the terms of the Resulting Issuer Escrow Agreement and in accordance with the requirements of the CSE and Canadian securities law, the Locked-In Parties will agree, inter alia, to place their entire shareholdings of New Stillcanna Shares into escrow, with the following release provisions:

- 10% on the Effective Date;
- a further 15% on the date falling 6 months after the Effective Date;
- a further 15% on the date falling 12 months after the Effective Date;
- a further 15% on the date falling 18 months after the Effective Date;
- a further 15% on the date falling 24 months after the Effective Date;

- a further 15% on the date falling 30 months after the Effective Date; and
- all remaining escrowed securities on the date falling 36 months after the Effective Date.

Subject to the Scheme becoming Effective, it is expected that the Locked-in Parties will hold, in aggregate, 80,628,086 Stillcanna Shares, representing, in aggregate, approximately 26.7 per cent. of the Combined Group on completion of the Acquisition.

8. Material contracts

Sativa

- (a) Except as set out in paragraph 7 and this paragraph 8(a) of this Part 7, neither Sativa nor any of its subsidiaries has entered into any material contract outside the ordinary course of business since 22 April 2018 (the date two years before the commencement of the Offer Period);

(i) **Share purchase agreement dated 22 June 2018**

On 22 June 2018 Sativa entered into a share purchase agreement ("**Goodbody SPA**") with Carbon Managers Limited ("**CML**") pursuant to which it acquired the entire issued share capital of Goodbody Botanicals (then called "George Botanicals Limited"). The consideration payable by Sativa to CML was £215,000 in cash and the issue and allotment of 5,000,000 Sativa Shares at an issue price of £0.04 per Sativa Share. The consideration shares received by CML were subject to a 12 month lock-in period. The Goodbody SPA contains customary warranties and representations for a transaction of this nature. The Goodbody SPA is governed by the laws of England and Wales.

(ii) **Share purchase agreement dated 2 July 2018**

On 2 July 2018 Sativa entered into a share purchase agreement ("**PVL SPA**") with CML pursuant to which it acquired the entire issued share capital of Phytovista Laboratories. The consideration payable by Sativa to CML was £235,000 in cash and the issue and allotment of 5,000,000 Sativa Shares at an issue price of £0.04 per Sativa Share. The consideration shares received by CML were subject to a 12 month lock-in period. The PV SPA contains customary warranties and representations for a transaction of this nature. The PV SPA is governed by the laws of England and Wales.

(iii) **Placing Agreement dated 19 December 2019**

The Company entered into a placing agreement ("**Placing Agreement**") on 19 December 2019 with Allenby Capital Limited ("**Allenby**") in connection with a placing pursuant to which the Company raised approximately £1.38m before expenses. Under the terms of the Placing Agreement, the Company gave certain customary warranties to Allenby in connection with the placing and other matters relating to the Group. The Company also indemnified Allenby against any losses which Allenby (or their affiliates) may suffer or any claims which may be made or threatened against Allenby relating to or arising from the placing including but not limited to a breach by the Company of its obligations under the Placing Agreement. The Company paid Allenby a placing commission equal to six (6) per cent. of the gross proceeds received from investors introduced by Allenby and a further commission of one (1) per cent. of the gross proceeds received from investors who were not introduced by Allenby but whom settled through Allenby along with costs associated to the Placing Agreement. The Placing Agreement is governed by the laws of England and Wales.

Stillcanna

- (b) Except as set out in paragraph 7 and this paragraph 8(b) of this Part 7, neither Stillcanna nor any of its subsidiaries has entered into any material contract outside the ordinary course of business since 22 April 2018 (the date two years before the commencement of the Offer Period);

(i) **Finder's fee agreements dated between 17 September 2018 and 29 October 2018**

On 25 September 2018, Stillcanna (under its former name EVI Global Group Developments Corp ("**EVI**")) entered into finder's fee agreements with Canaccord Genuity Corp. ("**Canaccord**") (1) and Mackie Research Capital Corporation ("**Mackie**") pursuant to which each of Canaccord and Mackie agreed to seek to introduce investors to subscribe for up to 12,000,000 units of Stillcanna ("**Units**") at a price per Unit of \$0.25 in connection with a private placement of Stillcanna Shares; each Unit comprised of one Stillcanna Share and one-half of one share purchase warrant (one whole warrant entitling the holder to purchase one Stillcanna Share at a price per share of \$0.50 for a period of 12 months from the date of closing of the offering), (together, the "**C&M Finders' Fee Agreements**"). In

connection with the private placement, Stillcanna agreed to pay a finder's fee to each of Canaccord and Mackie consisting of: (i) cash equal to 6 per cent. of the total gross proceeds from subscribers introduced to Stillcanna by each finder; and (ii) the issuance of such number of share purchase warrants ("**Finders' Warrants**") equal to 6 per cent. of the total number of Units issued to subscribers introduced by each finder. Each of the Finders' Warrants was exercisable into one additional Stillcanna Share at a price per share of \$0.50 for a period of one year from closing.

Stillcanna also entered into finder's fee agreements on 17 September 2018 and 29 October 2018 with third parties (together, the "**Additional Finders' Fee Agreements**") on similar terms as those pertaining to the C&M Finders' Fee Agreements.

The C&M Finders' Fee Agreements and the Additional Finders' Fee Agreements are governed by the laws of British Columbia and the laws of Canada applicable therein.

(ii) **Share Exchange Agreement dated 15 October 2018 and Amending Agreement dated 26 February 2019**

On 15 October 2018, Stillcanna (under its former name EVI) entered into a share exchange agreement with Borganic Consulting Inc. ("**Borganic**") (1) and the previous owners of the entire issued share capital of Borganic ("**Borganic Shareholders**") (2), pursuant to which Stillcanna agreed to acquire all the issued and outstanding shares of Borganic, being 13,098 common shares (the "**Borganic SEA**" or "**Borganic Acquisition**", as the context requires). The Borganic SEA contained certain adjustment provisions for calculating the number of Stillcanna Shares that would be exchanged with the Borganic Shareholders. The parties entered into an amending agreement dated 26 February 2019 pursuant to which they agreed to amend certain provisions of the Borganic SEA ("**Amending Agreement**"), specifically those pertaining to the exchange ratio applicable to the relevant number of shares being exchanged. The parties agreed in the Amending Agreement that the consideration payable for the Borganic Acquisition was 15,000,000 Stillcanna Shares, and in connection therewith, Stillcanna also issued 1,800,000 Stillcanna Shares to certain intermediaries and 2,000,000 Stillcanna Shares to its financial advisors.

The Borganic SEA contained customary representations and warranties for a transaction of that nature and is, together with the Amending Agreement, governed by the laws of British Columbia and the federal laws of Canada applicable therein.

(iii) **Tripartite Agreement dated 1 November 2018**

Pursuant to a tripartite agreement entered into between Borganic (1), Premium Extraction Services Ltd ("**PESL**") (2) and Stillcanna (under its former name EVI) (3), it was agreed that: (i) Stillcanna would transfer the sum of US\$400,000 to PESL no later than 31 December 2018 in consideration and fulfilment of Borganic's obligation to PESL to provide certain funding in connection with the building of and certain operational matters in connection with the Facility (as defined below); and (ii) Stillcanna would have no recourse to the aforesaid funds which were considered to be in settlement of the then existing financial obligations of Borganic owed to PESL. The parties agreed that all clauses and agreements between them regarding the arrangements concluded between them would remain in force.

(iv) **Shareholders' Agreement between Borganic and Dragonfly dated 4 December 2018**

On 4 December 2018, Borganic entered into a shareholders' agreement with Dragonfly pursuant to which PESL, a joint venture company incorporated in Bulgaria, was established in which Borganic owns a 49% interest and Dragonfly owns the remaining 51% interest (the "**PESL Shareholders' Agreement**"). Borganic and Dragonfly jointly own, through their ownership of PESL and subject to their respective ownership interests, a CBD processing facility located in the southwestern region of Dolj in Romania, which is operated by Borganic (the "**Facility**").

Pursuant to the PESL Shareholders' Agreement, Dragonfly undertook, amongst other things: (i) to deliver all crops of industrial hemp harvested from the land farmed by it in Bulgaria in each of the calendar years 2018, 2019 and 2020 (the "**Dragonfly Crops**") to the Facility (or any replacement facility or facilities of PESL that may be nominated by Dragonfly) for PESL to process into THC-free CBD (or, at Dragonfly's option, CBD with trace THC after heat and ultraviolet treatment) complying with a pre-agreed specification (the "**Product**" or "**Specification**", as the context permits); and (ii) to certify that each batch of the Dragonfly Crops delivered to the Facility is pesticide and heavy metal free (the "**Certification**"). If Dragonfly is unable to provide the Certification, PESL shall be entitled to charge Dragonfly any additional costs reasonably incurred by PESL in extracting any pesticides and/or heavy metals, provided such costs are agreed by the parties in advance.

PESL is obliged under the PESL Shareholders' Agreement, amongst other things: (i) to process the Dragonfly Crops whether before or after 31 December 2020, in each case making them available FOB (otherwise known as 'free on board') for collection by Dragonfly, within 12 months of delivery in batches of at least four kilograms of Product; and (ii) to test the first batch of product produced each month by way of gas chromatography and promptly providing Dragonfly with the results of those tests ("**In-House Results**"). Dragonfly may elect to re-test, at its own cost, a batch of Product comprised within the In-House Results and, if the results of a re-test are provided to PESL within 30 days of delivery of Product and show a variance of more than 3% from the Specification, Dragonfly shall be entitled: (a) to either reject the batch and make it available for collection by PESL or to pay such amount for it as shall reflect the actual variance from the Specification; and (b) to require PESL to test each subsequent batch until such time that the In-House Results show that a batch complies with the Specification.

Borganic was obliged under the PESL Shareholders' Agreement to, amongst other things, meet all operational expenses of PESL until such time that it had funds itself to meet them and second its employee Shae de Jaray to PESL with effect from 1 July 2018.

The PESL Shareholders' Agreement is governed by the laws of England and Wales and subject to the exclusive jurisdiction of the courts of England and Wales.

(v) **Engagement letter dated 12 March 2019**

Stillcanna (under its former name EVI) entered into an engagement letter dated 12 March 2019 with Canaccord (as defined above) ("**Engagement Letter**"), pursuant to which Canaccord, on its own behalf and (if applicable) on behalf of a syndicate of agents, offered to sell, on a commercially reasonable efforts basis, up to that number of subscription receipts amounting to aggregate gross proceeds of up to \$20,000,000 by way of a private placement of Stillcanna Shares. It was acknowledged that certain of the funds raised pursuant to the private placement would be utilised for the purpose of consummating the Olimax NT Acquisition (as defined below).

The Engagement Letter contained a customary indemnity, given by Stillcanna in favour of Canaccord, for a transaction of that nature and is governed by the laws of Ontario.

(vi) **Line of Credit Agreement dated 18 March 2019**

On 18 March 2019, Stillcanna (under its former name EVI notwithstanding that it has changed its name to Stillcanna on 15 March 2019) entered into a line of credit agreement with Olimax NT, pursuant to which Stillcanna would loan money and advance credit from time to time to Olimax NT on a revolving credit facility basis up to a total maximum of \$1,000,000 ("**Credit Agreement**"). All advances under the Credit Agreement were to be utilised by Olimax NT to finance its business operations, and the principal sum borrowed thereunder would attract an annual interest rate of 5 per cent. The terms relating to the Credit Agreement were subsequently amended following completion of the Olimax NT Acquisition, pursuant to which the loans were dealt with on an intra-group basis and separate loan agreements replaced the Credit Agreement.

The Credit Agreement was governed by the laws of British Columbia and the federal laws of Canada applicable therein, and the parties submitted to the non-exclusive jurisdiction of the courts of British Columbia.

(vii) **Share Purchase Agreement dated 18 March 2019**

On 18 March 2019, Stillcanna entered into a share purchase agreement with Krystyna Bojek (1), Zofia Vahlberg (2) and Renata Aprano (3), pursuant to which it acquired the entire issued share capital of Olimax NT Sp. Z.O.O. (the "**Olimax NT SPA**" or "**Olimax NT Acquisition**", as the context requires). The purchase price payable for the Olimax NT shares was 24,000,000 Stillcanna Shares ("**Consideration Shares**") and \$2,000,000 in cash. 20,064,000 of the 24,000,000 Consideration Shares were subject to a contractual restriction on trading whereby 1/12 of the Consideration Shares issued were released from such contractual restriction every three months from the date of issuance. In addition, all of the Consideration Shares issued were subject to a four-month and a day hold period from the date of issuance, in accordance with applicable Canadian securities laws. In connection with the Olimax NT Acquisition, Stillcanna issued 450,000 Stillcanna Shares to certain intermediaries and 700,000 Stillcanna Shares to certain consultants in exchange for financial advisory services in connection therewith. The Olimax NT SPA contained customary representations and warranties for a transaction of this nature.

The parties to the Olimax NT SPA agreed to be bound by an arbitration process, such that any dispute shall be settled by arbitration in accordance with the provisions of the Arbitration Act (British Columbia). Any arbitration shall take place in Vancouver, British Columbia, and shall be governed by the substantive law of British Columbia and the federal laws of Canada applicable therein.

(viii) **Agency Agreement dated 24 April 2019**

On 24 April 2019, Stillcanna entered into an agency agreement ("**Agency Agreement**") with Canaccord ("**Lead Agent**"), following Stillcanna's entry into the Olimax NT SPA, in connection with the proposed issue and sale of 17,400,000 subscription receipts of Stillcanna ("**Offered Subscription Receipts**") at a price of \$1.15 per Offered Subscription Receipt on a private placement basis to raise aggregate gross proceeds of up to \$20,100,000 (the "**April 2019 Private Placement**"). Pursuant to the Agency Agreement, Stillcanna granted the Lead Agent an option to increase the size of the offering by up to an additional 4,350,000 subscription receipts ("**Additional Subscription Receipts**") for additional gross proceeds of up to approximately \$5 million. Each Offered Subscription Receipt and Additional Subscription Receipt (together, "**Subscription Receipts**") was, upon satisfaction of certain escrow release conditions, automatically converted into one unit of Stillcanna (a "**Unit**"), with each Unit being comprised of one Stillcanna Share and one half of one Stillcanna Share purchase warrant (each whole warrant, a "**Warrant**"). Each Warrant entitled the holder thereof to purchase one Stillcanna Share for a period of 12 months following the date the escrow release conditions were satisfied at an exercise price per share of \$1.73.

The Agency Agreement was governed by the laws of British Columbia and the federal laws of Canada applicable therein, and the parties submitted to the exclusive jurisdiction of the courts of British Columbia.

As consideration for its services in connection with the Offering, the Lead Agent was paid a cash commission equal to 7.0% of the gross proceeds of the brokered portion of the Offering and also received 1,148,671 broker warrants (the "**Broker Warrants**"), pursuant to the terms and conditions of a broker warrant certificate (the "**Broker Warrant Certificate**"), to acquire such number of Units equal to 7.0% of the aggregate number of Subscription Receipts sold under the brokered portion of the Offering. The same terms and conditions applied to 333,410 advisory warrants (the "**Advisory Warrants**") that the Lead Agent also received in connection with the Offering. Each Broker Warrant and Advisory Warrant is exercisable at the Issue Price for a period of 12 months following the date the escrow release conditions were satisfied. The Agent also received an advisory fee of \$384,628.68 in connection with the Offering. The Broker Warrant Certificate is governed by the laws of British Columbia and the federal laws of Canada applicable therein.

(ix) **Subscription Receipt Agreement dated 24 April 2019**

Stillcanna entered into a subscription receipt agreement ("**Subscription Receipt Agreement**") with National Securities and the Lead Agent (as defined above) on 24 April 2019, pursuant to which Stillcanna proposed to create and issue a maximum of 21,750,000 subscription receipts ("**Subscription Receipts**") at a price of \$1.15 per Subscription Receipt on a private placement basis, with each Subscription Receipt representing the right to acquire one Stillcanna Share and one-half of one warrant ("**Warrant**"), subject to certain adjustments, such Warrant entitling the holder thereof to acquire one Stillcanna Share at a price of \$1.73 per share for a period of 12 months from on or around the date of the Subscription Receipt Agreement.

The Subscription Receipt Agreement is governed by the laws of British Columbia and the federal laws of Canada applicable therein, and the parties submitted to the exclusive jurisdiction of the courts of British Columbia.

(x) **Warrant Indenture dated 24 April 2019**

On 24 April 2019, Stillcanna and National Securities entered into a warrant indenture (the "**Warrant Indenture**"), in connection with the private placement of subscription receipts ("**Subscription Receipts**") by Stillcanna pursuant to which Stillcanna proposed to issue up to a maximum of 13,920,000 warrants to subscribe for Stillcanna Shares ("**Warrants**"); each Warrant entitling the holder thereof to acquire one Stillcanna Share (each, a "**Warrant Share**") at a price of \$1.73 for a period of 12 months from on or around the date of the Warrant Indenture.

The Warrant Indenture is governed by the laws of British Columbia and the federal laws of Canada applicable therein, and the parties submitted to the exclusive jurisdiction of the courts of British Columbia.

(xi) **Preliminary Shares Purchase Agreement dated 6 May 2019 and Share Purchase Agreement dated 11 March 2020**

Stillcanna entered into a preliminary share purchase agreement with Krystyna Bojek and Zofia Vahlberg (together, the “**Vendors**”) on 6 May 2019, pursuant to which Stillcanna agreed to acquire the issued share capital of Olimax Nieruchomości Sp. Z.O.O. (“**Olimax RC**”) from the Vendors for a consideration of \$100 (the “**Olimax RC SPA I**” or “**Olimax RC Share Purchase**”, as the context requires). The Olimax RC Share Purchase was conditional on Stillcanna obtaining a permit issued by the Minister responsible for interior affairs of the Republic of Olan consenting to the transaction (“the “**Condition Precedent**”). The Olimax RC SPA contained customary representations and warranties for a transaction of this nature. The parties to the Olimax RC SPA agreed to be bound by an arbitration provision, such that any dispute shall be settled by arbitration in accordance with the provisions of the Arbitration Act (British Columbia). Any arbitration shall take place in Vancouver, British Columbia, and shall be governed by the substantive law of British Columbia and the federal laws of Canada applicable therein.

On 11 March 2020, Stillcanna entered into a share purchase agreement with the Vendors pursuant to which Stillcanna completed the Olimax RC Share Purchase (the “**Olimax RC SPA II**”), on the terms provided for in the Preliminary Agreement, on the basis that the Condition Precedent had been fulfilled. The Olimax RC SPA II is governed by the same arbitration provisions as those provided for in the Olimax RC SPA I.

(xii) **Finder’s fee agreement dated on or around 20 July 2020**

On or around 20 July 2020, Stillcanna entered into a finder’s fee agreement (the “**Finder’s Fee Agreement**”) with Canaccord Genuity Wealth Management (“**CGWM**”) pursuant to which it was agreed that CGWM had assisted in the identification and negotiation of the terms of Stillcanna’s proposed acquisition of the entire issued and to be issued share capital of Sativa (the “**Finder’s Services**”) and that CGWM would be compensated for providing the Finder’s Services. In consideration of the provision of the Finder’s Services, Stillcanna agreed to pay CGWM a finder’s fee of 1,000,000 common shares in the capital of Stillcanna (the “**Finder’s Shares**”). The Finder’s Shares will be subject to a restrictive legend which shall restrict the transferability or ability to sell the Finder’s Shares for a period of time in accordance with Canadian securities laws; specifically, four months and one day following the date that the Finder’s Shares are issued pursuant to the Finder’s Fee Agreement.

(xiii) **Deed Poll to be executed prior to the Scheme Effective Date**

Prior to the Scheme Effective Date, the Depositary will execute a deed poll pursuant to which the Depositary Interests were created. The Depositary is entitled to charge holders of Depositary Interests fees and expenses for the provision of its services under the Deed Poll. Holders of Depositary Interests warrant on an indemnity basis that Stillcanna Shares held by the Depositary or the Custodian (on behalf of the Depositary) are free and clear of all liens, charges, encumbrances or third party interests and that such transfers or issues are not in contravention of Stillcanna’s constitutional documents or any contractual obligation, law or regulation.

The Depositary and any Custodian must pass on to holders of Depositary Interests and, so far as they are reasonably able, exercise on behalf of holders of Depositary Interests all rights and entitlements received or to which they are entitled in respect of the underlying Shares which are capable of being passed on or exercised. The Depositary will be entitled to cancel Depositary Interests and withdraw the underlying Shares in certain circumstances including where a holder of Depositary Interests has failed to perform any obligation under the Deed Poll or any other agreement or instrument with respect to the Depositary Interests.

The Deed Poll contains customary provisions excluding and limiting the Depositary’s liability. For example, the Depositary shall not be liable for liabilities in connection with the performance or non-performance of obligations under the Deed Poll or otherwise except as may result from its negligence or wilful default or fraud. Furthermore, except in the case of personal injury or death, the Depositary’s liability to a holder of Depositary Interests will be limited to the value of the deposited property properly attributable to the Stillcanna Depositary Interests to which the liability relates. The Depositary is not liable for any losses attributable to or resulting from Stillcanna’s negligence or wilful default or fraud or that of the CREST operator.

Each holder of Depositary Interests is liable to indemnify the Depositary and any Custodian (and their agents, officers and employees) against all liabilities arising from or incurred in connection with, or

arising from any act related to, the Deed Poll so far as they relate to the property held for the account of Depositary Interests held by that holder, other than those resulting from the wilful default, negligence or fraud of the Depositary, or the Custodian or any agent.

The Depositary may terminate the Deed Poll by giving not less than 30 days' prior notice, or may otherwise resign as Depositary by giving not less than 90 days' prior notice, in writing to that effect to the Holders. During such notice period, holders may cancel their Depositary Interests and withdraw their deposited property and, if any Depositary Interests remain outstanding after termination, the Depositary must as soon as reasonably practicable, among other things, deliver the deposited property in respect of the Depositary Interests to the relevant holder of Depositary Interests or, at its discretion sell all or part of such deposited property and deliver the net proceeds of any such sale, after deducting any sums due to the Depositary, together with any other cash held by it under the Deed Poll pro rata to holders of Depositary Interests in respect of their Depositary Interests.

(xiv) **Depositary Agreement to be entered into prior to the Scheme Effective Date**

Prior to the Scheme Effective Date, Stillcanna and the Depositary will enter into an agreement pursuant to which Stillcanna appoints the Depositary to constitute and issue from time to time, upon the terms of the Deed Poll (as outlined above) the Depositary Interests representing the New Stillcanna Shares and to provide certain other services in connection with such Depositary Interests.

The Depositary assumes certain specific obligations, including the obligation to arrange for the Depositary Interests to be admitted to CREST as participating securities and to provide copies of and access to the register of Depositary Interests. The Depositary will either itself or through its appointed Custodian hold the deposited property on trust (which includes the securities represented by the Depositary Interests) for the benefit of the holders of the Depositary Interests, subject to the terms of the Deed Poll. Stillcanna is to supply the Depositary with all documents it sends to its shareholders so that the Depositary can distribute the same to all holders of Depositary Interests.

Stillcanna has agreed to indemnify the Depositary for any loss it may suffer as a result of the performance of its obligations under the Depositary Agreement except to the extent that any losses result from the Depositary's own negligence, fraud or wilful default. The Depositary is to indemnify Stillcanna for any loss Stillcanna may suffer as a result of or in connection with the Depositary's fraud, negligence or wilful default save that the aggregate liability of the Depositary to Stillcanna over any 12 month period shall in no circumstances whatsoever exceed twice the amount of the fees payable to the Depositary in any 12 month period in respect of a single claim or in the aggregate.

Subject to earlier termination, the Depositary is appointed for a fixed term of three years and thereafter until terminated by either party giving not less than six months' notice. In the event of termination, the parties agree to phase out the Depositary's operations in an efficient manner without adverse effect on the shareholders and the Depositary shall deliver to Stillcanna (or as it may direct) all documents, papers and other records relating to the Depositary Interests which are in its possession and which is the property of Stillcanna.

Stillcanna is to pay certain fees and charges, including a setup fee, an annual fee, a fee based on the number of Depositary Interests per year and certain CREST related fees. The Depositary is also entitled to recover reasonable out of pocket fees and expenses.

9. **Concert parties**

(a) The identity of those persons acting in concert with Sativa are set out below:

Name	Type of company (if a company)	Registered office (if a company)	Relationship with Sativa
Jeremy Thomas	N/A	N/A	Director of Sativa
Emma Thomas	N/A	N/A	Relative of Jeremy Thomas, a director of Sativa
William Thomas	N/A	N/A	Relative of Jeremy Thomas, a director of Sativa

George Thomas	N/A	N/A	Relative of Geremy Thomas, a director of Sativa
Crispin Thomas	N/A	N/A	Relative of Geremy Thomas, a director of Sativa
Carbon Managers Limited	Private company	Dairy House Farm Stubbs Lane, Beckington, Frome, United Kingdom, BA11 6TE	100% owned by Geremy Thomas
Sophie Thomas	N/A	N/A	Relative of Geremy Thomas, a director of Sativa
Mark Blower	N/A	N/A	Director of Sativa
Jonathan Wearing	N/A	N/A	Director of Sativa
Anne Tew	N/A	N/A	Company Secretary of Sativa
Peterhouse Capital Limited	Financial institution	3rd Floor 80 Cheapside, London, United Kingdom, EC2V 6EE	Financial Adviser to Sativa

(b) The identity of those persons acting in concert with Stillcanna are set out below:

Name	Type of company (if a company)	Registered office (if a company)	Relationship with Offeree
Jason Dussault	N/A	N/A	Stillcanna Director
Shae de Jaray	N/A	N/A	Stillcanna Director
William Macdonald	N/A	N/A	Stillcanna Director
Warren Robinson	N/A	N/A	Stillcanna Director
Krystyna Bojek	N/A	N/A	VP Polish Operations
Zofia Vahlberg	N/A	N/A	VP Polish Operations
Marc Crimeni	N/A	N/A	Founder and Head of Sales
Adrian Crimeni	N/A	N/A	Relative of Marc Crimeni
Joel Leonard	N/A	N/A	Chief Financial Officer

10. National Law

The Scheme shall be governed by and construed in accordance with English law. The English courts shall have exclusive jurisdiction for determining any matter which may arise under or in connection with the Scheme.

11. **Post-offer undertaking or post-offer intention statement**

No statements in this document constitute “post-offer undertakings” for the purposes of Rule 19.5 of the Code.

12. **Ratings and outlooks**

There are no current credit ratings or outlooks by any ratings agencies that have been publicly accorded to either Sativa or Stillcanna.

13. **Sativa’s fees and expenses**

The aggregate fees and expenses expected to be incurred by Sativa in connection with the Acquisition are £241,497. The following are estimates expected to comprise the aggregate figure:

(a)	Financial and corporate broking advice	£35,000
(b)	Legal advice	£123,552
(c)	Accounting advice	£54,945
(d)	Other professional services	£24,000
(e)	Other costs and expenses	£4,000

14. **Stillcanna’s fees and expenses**

The aggregate fees and expenses expected to be incurred by Stillcanna in connection with the Acquisition are CAD 221,512 (£130,437) applying an exchange rate of CAD 0.5885/£1. The following are estimates expected to comprise the aggregate figure:

(a)	Legal advice	£120,937
(b)	Accounting advice	£1,500
(c)	Other professional services	£8,000

15. **General**

(a) Save as disclosed elsewhere in this document, no agreement, arrangement or understanding (including any compensation arrangement) exists between Stillcanna or any party acting in concert with Stillcanna and any of the directors, recent directors, shareholders or recent shareholders of Stillcanna or any person interested or recently interested in shares of Sativa, having any connection with or dependence on the Acquisition.

(b) Save for the irrevocable commitments described in paragraph 4 of this Part 7 of this document neither:

(i) Stillcanna, nor any person acting in concert with Stillcanna; nor

(ii) Sativa, nor any person acting in concert with Sativa,

has any arrangement (including any indemnity or option arrangement), agreement or understanding, formal or informal, of whatever nature relating to relevant Sativa securities or relevant Stillcanna securities, which may be an inducement to deal or refrain from dealing, with any other person.

(c) There is no agreement, arrangement or understanding whereby the beneficial ownership of any of the Sativa Shares to be acquired pursuant to the Acquisition will be transferred to any person, but Stillcanna reserves the right to transfer any such shares to any member of the Stillcanna Group.

(d) Save as disclosed in this Scheme Document, there have been no significant changes in the financial or trading position of the Sativa since 31 December 2019 (the date to which the last audited accounts of the Sativa have been prepared).

- (e) Save as disclosed in this Scheme Document, there have been no material changes in the financial or trading position of the Stillcanna Group since 30 April 2020 (the date to which the last unaudited quarterly results of the Stillcanna Group have been prepared).
- (f) The emoluments of the Stillcanna Directors will not be varied as a consequence of the Acquisition or by any other associated transaction.
- (g) Peterhouse has given and not withdrawn its written consent to the issue of this document with the reference to its name, and it has given and has not withdrawn its written consent to the inclusion of its reports and opinions, each in the form and context in which they are included.
- (h) Save with the consent of the Panel, settlement of the consideration to which any Sativa Shareholder is entitled under the Scheme will be implemented in full in accordance with the terms of the Scheme without regard to any lien, right of set-off, counterclaim or other analogous right to which Stillcanna may otherwise be, or claim to be, entitled as against such Sativa Shareholder.

16. Documents available on website

Copies of the following documents will be made available on the Company's website at <https://sativagroup.co.uk/cbd-medical-cannabis-investor-information/scheme-of-arrangement/> during the period from the date on which this document is published up to and including the Effective Date (or the date on which the Scheme lapses):

- (a) this document and the Forms of Proxy;
- (b) any announcements issued by the Company in connection with the Scheme;
- (c) the articles of association of Sativa;
- (d) the articles of incorporation of Stillcanna;
- (e) the published audited consolidated accounts of Sativa for the two financial years ended 31 December 2018 and 31 December 2019. These accounts have been incorporated into this document by reference to the above website in accordance with Rule 24.15 of the Takeover Code;
- (f) the published audited consolidated accounts of the Stillcanna Group for the two financial years ended 31 July 2018 and 31 July 2019. These accounts have been incorporated into this document by reference to the above website in accordance with Rule 24.15 of the Takeover Code;
- (g) the letter of consent referred to in paragraph 15(g) of this Part 7 of this document;
- (h) the material contracts referred to in paragraphs 7 and 8 of this Part 7 of this document;
- (i) the irrevocable commitments referred to in paragraph 4 of this Part 7 of this document;
- (j) the Filing Statement (to be made available once published by Stillcanna); and
- (k) this document.

Sources of information and bases of calculations In this Scheme Document, unless otherwise stated or the context otherwise requires, the following bases and sources have been used:

- (a) The value attributed to the Offer is based on:
 - (i) the value of CAD 0.095 per Stillcanna Share, being the closing price on the CSE on 21 April 2020 (being the last trading day in Toronto prior to the Possible Offer Announcement Date) and applying an exchange rate of CAD 0.5885/£1;
 - (ii) multiplying by the number of Sativa Shares in issue, being 569,189,167; and
 - (iii) multiplying by the Exchange Ratio.
- (b) Unless otherwise stated, all prices for Sativa Shares are closing middle market quotations derived from the AQSE for the particular date(s) concerned.

- (c) Unless otherwise stated all prices for Stillcanna Shares are closing prices derived from Bloomberg.
- (d) Unless otherwise stated all exchange rates are the average of the “best ask” and “best bid” CAD\$/£ or US\$/£ cross rate sourced from Bloomberg on 2 June 2020 (being the last Business Day in Canada or the United States prior to the Announcement Date).
- (e) Volume weighted average prices are derived from Bloomberg for the time periods stipulated.
- (f) Stillcanna’s market capitalisation is calculated by multiplying the Existing Stillcanna Share Capital by CAD 0.095 per Stillcanna Share, being the closing price on the CSE on 21 April 2020 (being the last Business Day in Toronto prior to the Possible Offer Announcement Date and applying an exchange rate of CAD 0.5885/£1.
- (g) The 65:35 proportionate ownership of the Combined Group between the Scheme Shareholders and the Stillcanna Shareholders respectively is based on the existing issued Sativa Shares, as set out in 17(a)(ii) above, and the Existing Stillcanna Share Capital and includes all option and warrant instruments outstanding on a fully diluted basis.
- (h) Unless otherwise stated, the financial information relating to Sativa has been extracted or derived (without any adjustment) from the audited consolidated accounts of the Sativa Group for the financial year ended 31 December 2019, prepared in accordance with International Financial Reporting Standards (“IFRS”) as adopted by the European Union.
- (i) Unless otherwise stated, the financial information relating to Stillcanna has been extracted or derived (without any adjustment) from the audited consolidated financial statements of the Stillcanna Group for the financial year ended 31 July 2019 and the interim unaudited consolidated financial statements for the six-month period ended 31 January 2020 prepared in accordance with generally accepted accounting principles of IFRS.
- (j) All information relating to Sativa and Stillcanna has been provided by persons duly authorised by the Sativa Board and the Stillcanna Board respectively.

PART 8 – UNITED KINGDOM AND CANADIAN TAXATION

UNITED KINGDOM

Any person who is in any doubt as to his or her tax position, or who is subject to taxation in any jurisdiction other than that of the UK, should consult his or her professional advisers.

The comments set out below refer to certain limited aspects of the United Kingdom taxation treatment of Scheme Shareholders resident in the United Kingdom and do not purport to be either (i) a complete analysis of all tax considerations relating to the Scheme and their holding of New Stillcanna Shares or (ii) an analysis of the tax position of Sativa or Stillcanna. The following statements do not constitute tax advice and are intended only as a general guide to current UK tax law and published practice of HMRC, both of which are subject to change at any time, possibly with retrospective effect.

The comments are intended as a general guide and apply only to Scheme Shareholders who are resident for tax purposes in the UK, who hold their Scheme Shares and will hold their New Stillcanna Shares as an investment and who are the absolute beneficial owners of their Scheme Shares and will be the absolute beneficial owners of their New Stillcanna Shares (other than under a Self Invested Personal Pension or through an Individual Savings Account). These comments may not apply to certain classes of Scheme Shareholders who are subject to different tax rules, such as charities, dealers in securities, persons holding or acquiring shares in the course of a trade, persons who have or could be treated for tax purposes as having acquired their Scheme Shares or New Stillcanna Shares by reason of their employment, collective investment schemes, persons subject to UK tax on the remittance basis and insurance companies. Scheme Shareholders are encouraged to consult an appropriate independent professional tax adviser in respect of their personal tax position.

Advice is being taken in respect of the corporate tax residence of StillCanna Inc. Location of corporate tax residence may impact the taxation position of the Scheme Shareholders.

1. Taxation of Chargeable Gains

The Scheme

The Scheme Shareholders will receive New Stillcanna Shares as consideration for the transfer of their Scheme Shares.

New Stillcanna Shares

Subject to the comments made below, the receipt of New Stillcanna Shares by Scheme Shareholders pursuant to the Scheme should be treated as an exchange of securities for the purposes of section 135 of the Taxation of Chargeable Gains Act 1992 (“TCGA”). This means that the Scheme Shareholders should not be treated as disposing of the proportion of their Scheme Shares which are exchanged for New Stillcanna Shares and, instead, the New Stillcanna Shares received by them should be treated for UK tax purposes as the same asset, acquired at the same time as the Scheme Shares in respect of which they are issued as consideration.

In the case of Scheme Shareholders who alone, or together with persons connected with them, hold 5 per cent. or more of the Scheme Shares, such “rollover” treatment will only apply if the provisions of section 137(1) of the TCGA do not prevent it (exchange must be for bona fide commercial purposes and not as part of a scheme for the avoidance of UK tax). No clearance has been sought from HMRC confirming that section 137(1) TCGA should not prevent the rollover treatment. If the Scheme is not treated as an exchange of securities, UK resident Scheme Shareholders who alone, or together with persons connected with them, hold 5 per cent. or more of the Scheme Shares would be treated for the purposes of taxation on chargeable gains as having disposed of their holding of Scheme Shares in consideration of the issue to them of the New Stillcanna Shares pursuant to the Scheme.

Future disposals

United Kingdom

A disposal or deemed disposal of New Stillcanna Shares by a Scheme Shareholder, who is (at any time in the relevant tax year in the UK) resident in the UK for tax purposes, may give rise to a chargeable gain or an allowable loss for the purposes of taxation of chargeable gains in the UK, depending on the Scheme Shareholder’s circumstances and subject to any available exemption or relief. The gain will be calculated as the difference between the sale proceeds and any allowable costs and expenses, including the base cost of the New Stillcanna Shares (which would equal the original base cost in the Scheme Shares where rollover treatment applies).

Scheme Shareholders who are not resident in the UK for tax purposes but who carry on a trade, profession or vocation in the UK through a branch, agency or fixed place of business in the UK may be liable to UK taxation on chargeable gains on any gain on a disposal or deemed disposal of their New Stillcanna Shares, if those New Stillcanna Shares are or have been held, used or acquired for the purposes of that trade, profession or vocation or for the purposes of that branch, agency or fixed place of business.

Canada

On a future disposal of StillCanna shares there should not be any Canadian tax payable provided the shares do not constitute "Taxable Canadian property" ("TCP") for Canadian tax purposes. If they did constitute TCP, then subject to certain exceptions, a purchaser of the StillCanna shares is obligated to withhold 25% of the purchase price and remit it to the Canadian Revenue Authority.

This is required unless an application is made requesting a reduction of the 25% rate by requesting relief under an applicable double tax treaty. TCP refers to shares which have derived more than 50% of their value from Canadian real property, or Canadian resource property, at any point within the 60 months prior to the date of disposition. Advice is being taken as to whether the StillCanna shares qualify as TCP .

Individuals

The amount of capital gains tax, if any, payable by a Scheme Shareholder who is an individual resident in the United Kingdom for tax purposes will depend on his or her own personal tax position. No tax should be payable on any gain realised on the disposal if the amount of the net chargeable gains realised by a Scheme Shareholder, when aggregated with other net gains realised by that Scheme Shareholder in the year of assessment (and after taking account of allowable losses), does not exceed the annual exemption (the annual exemption for the tax year ending 5 April 2021 is £12,300). Broadly, at current rates, any gains in excess of this amount will be taxed at a rate of 10 per cent. for a taxpayer paying tax at the basic rate and 20 per cent. for higher and additional rate taxpayers. Where the gains of a basic rate taxpayer subject to capital gains tax exceed the unused part of their basic rate band, that excess will be subject to tax at the higher (currently 20 per cent.) rate.

A Scheme Shareholder who is an individual and who acquires New Stillcanna Shares whilst a resident of the UK but who subsequently ceases to be resident for tax purposes in the UK for a period of five years or less and who disposes of the New Stillcanna Shares during that period may be liable, on his or her return to the UK, to capital gains tax (subject to any available exemption or relief).

Corporation tax payers

A gain on the disposal or deemed disposal of New Stillcanna Shares by a Scheme Shareholder within the charge to UK corporation tax will form part of the Scheme Shareholder's profits chargeable to corporation tax at a rate of 19 per cent.

2. Taxation of Dividends on New Stillcanna Shares

Individuals

United Kingdom

UK resident individuals are granted an annual tax-free dividend allowance, which is currently £2,000. References to "£2,000" below are to the current dividend allowance, which is subject to change. Accordingly, a Scheme Shareholder who is an individual resident in the UK for tax purposes and who receives a dividend from Stillcanna will not pay any income tax on the first £2,000 of dividend income they receive (whether from Stillcanna or elsewhere). Any dividend income received (including the first £2,000) will be treated as the top slice of the Scheme Shareholder's income.

A Scheme Shareholder who (taking account of dividend receipts) is not liable to UK income tax at either the higher or the additional rate will be subject to UK income tax on any dividend income in excess of £2,000 at the rate of 7.5 per cent.

A Scheme Shareholder who is liable to UK income tax at the higher rate will be subject to UK income tax on any dividend income in excess of £2,000 at the rate of 32.5 per cent. to the extent that the dividend income in excess of £2,000 falls above the threshold for the higher rate of UK income tax but below the threshold for the additional rate of UK income tax.

A Scheme Shareholder who is liable to UK income tax at the additional rate will be subject to UK income tax on any dividend income in excess of £2,000, at the rate of 38.1 per cent. to the extent that the dividend income in excess of £2,000 falls above the threshold for the additional rate of UK income tax.

Canada

Dividends received by UK shareholders on their StillCanna shares are expected to be subject to a Canadian dividend withholding tax of 25%, unless a reduced rate of withholding tax is available under an applicable tax treaty (e.g. the Canada-UK Tax Treaty).

Companies

Scheme Shareholders within the charge to UK corporation tax which are “small companies” (for the purposes of UK taxation of dividends) will not generally be subject to tax on dividends paid on the New Stillcanna Shares, provided certain conditions are met.

Other Scheme Shareholders within the charge to UK corporation tax will not be subject to tax on dividends on the New Stillcanna Shares so long as (i) the dividends fall within an exempt class and (ii) do not fall within certain specified anti-avoidance provisions and (iii) the Scheme Shareholder has not elected for the dividends not to be exempt. Each Scheme Shareholder’s position will depend on its own individual circumstances, although it would normally be expected that dividends paid on the New Stillcanna Shares would fall within an exempt class. Examples of dividends that are within an exempt class include dividends paid on shares that are non-redeemable ordinary shares and dividends in respect of portfolio holdings where the recipient owns less than 10 per cent. of the issued share capital of the payer (or any class of that share capital) and is entitled to less than 10 per cent. of the profits available for distribution and less than 10 per cent. of assets available for distribution on a winding up in either case to holders of the issued share capital of the payer (or of any class of that share capital). The exemptions are not comprehensive and are subject to anti-avoidance rules. If the conditions for exemption are not, or cease to be, satisfied, or such a Scheme Shareholder elects for an otherwise exempt dividend to be taxable, the Scheme Shareholder will be subject to corporation tax in the UK on dividends received from the Company. Corporation tax is charged on dividends at the rate applicable to that company. Scheme Shareholders will need to ensure that they satisfy the requirements of an exempt class before treating any dividend as exempt, and seek appropriate professional advice where necessary.

Other Shareholders

UK registered pension schemes and charities are generally exempt from tax on dividends which they receive.

Trustees who are liable to income tax at the rate applicable to trusts (currently 45 per cent.) will pay tax on the dividend at the dividend trust rate (38.1 per cent. for the tax year ending 5 April 2021). The annual tax-free dividend allowance applies to individuals only, and there is no equivalent allowance for trusts.

3. Stamp Duty and Stamp Duty Reserve Tax (“SDRT”)

Scheme Shareholders should not be required to pay UK stamp duty or stamp duty reserve tax as a result of a transfer of their Scheme Shares under the Scheme.

The issue of the New Stillcanna Shares will not give rise to a liability to UK stamp duty or SDRT.

On subsequent transfers of New Stillcanna Shares, UK stamp duty will generally be payable (at the rate of 0.5 per cent. of the value of the consideration paid, rounded up where necessary to the next £5) if an instrument of transfer is executed in the UK or, in certain cases, is brought into the UK. Transfers of shares for less than £1,000 are not generally subject to UK stamp duty, provided that they are not part of a wider transaction or series of transactions.

An agreement to transfer certificated New Stillcanna Shares (including New Stillcanna Shares held in DRS (bookentry form)) will not be subject to UK stamp duty reserve tax provided that the New Stillcanna Shares are not registered in any register kept in the UK by or on behalf of Stillcanna and the New Stillcanna Shares are not paired with shares issued by any company incorporated in the UK.

Dealings in Depository Interests issued in respect of New Stillcanna Shares and held within CREST should not attract stamp duty, as there will be no instrument of transfer on which the charge could fall.

PART 9 - DEFINITIONS

The following definitions apply throughout this document (other than in those parts of this document containing separate definitions), unless the context otherwise requires.

Acquisition	the proposed acquisition by Stillcanna of the entire issued and to be issued share capital of Sativa, to be effected by the Scheme as described in this document (or, should Stillcanna so elect, by means of a Takeover Offer).
Allenby	Allenby Capital Limited.
Announcement	the announcement by Stillcanna of its firm intention to make an offer to acquire Sativa in accordance with Rule 2.7 of the Code which was published on the Announcement Date.
Announcement Date	3 June 2020
AQSE	the Aquis Stock Exchange Growth Market.
AQSE Rules	the Aquis Stock Exchange Growth Market Rules for Issuers, which set out, inter alia, the continuing obligations of companies whose shares are admitted to trading on the Aquis Stock Exchange Growth Market, and to which Sativa is subject.
Authorisations	authorisations, orders, recognitions, grants, consents, clearances, confirmations, certificates, licences, permissions, determinations, exemptions or approvals.
Bid Conduct Agreement	The bid conduct agreement entered into by the Company and Stillcanna in connection with the Acquisition, as summarised in paragraph 7(b) of Part 7 of this document.
Bloomberg	Bloomberg L.P., a financial software services, news and data company.
Board	as the context requires, the board of directors of Stillcanna or the board of directors of Sativa and the terms Stillcanna Board and Sativa Board shall be construed accordingly.
Borganic	Borganic Consulting Inc., a company incorporated in Canada (British Columbia) with business number 725568497, being a wholly-owned subsidiary of Stillcanna.
Borganic Acquisition	the acquisition of the entire issued share capital of Borganic by Stillcanna pursuant to the Borganic SPA
Borganic SHA	The shareholders' agreement entered into by Borganic and Dragonfly in relation to PESL, as summarised in paragraph (iv) of Part 7 of this document.
Borganic SEA	the share exchange agreement entered into by Borganic in relation to the Borganic Acquisition, as summarised in paragraph (ii) of Part 7 of this document.
Business Day	a day on which banks are generally open for business in London and/or Toronto (apart from Saturdays, Sundays and bank/public holidays), as applicable.
Cancellation	the proposed cancellation of the admission to trading of Sativa Shares

	on AQSE, conditional on the Scheme coming into effect.
CBD	Cannabidiol.
CBD Distillate	a refined cannabis extract, which typically contains around 80% CBD with the balance including minor cannabinoids, terpenes and other plants oils and extracts.
CBD Isolate	a crystalline solid or powder that contains pure CBD.
certificated or in certificated form	in relation to a share or a security, a share or security which is not in uncertificated form (i.e. not in CREST).
CMA	the UK Competition and Markets Authority.
CML	Carbon Managers Limited, a company incorporated in England and Wales with company number 06286241.
Combined Group	Stillcanna and Sativa, and their respective subsidiary undertakings.
Companies Act	the Companies Act 2006, as amended from time to time.
Company	see Sativa .
Computershare	Computershare Investor Services PLC of The Pavilions, Bridgwater Road, Bristol, BS13 8AE
Computershare Canada	Computershare Investor Services Inc.
Computershare Nominees	Computershare Company Nominees Limited.
Court Hearing	the hearing by the Court of the application to sanction the Scheme under Part 26 of the Companies Act.
Court Meeting	the meeting(s) of the Scheme Shareholders to be convened by order of the Court pursuant to section 896 of the Companies Act, notice of which is set out in this document, for the purpose of considering, and if thought fit, approving the Scheme (with or without amendment) and any adjournment, postponement or reconvention of such meeting.
Court Order	the order of the Court sanctioning the Scheme under Part 26 of the Companies Act.
CREST	the relevant system (as defined in the CREST Regulations) in respect of which Euroclear is the Operator (as defined in the Regulations) in accordance with which securities may be held and transferred in uncertificated form.
CREST Manual	the rules governing the operation of CREST, consisting of the CREST Reference Manual, CREST International Manual, CREST Central Counterparty Service Manual, CREST Rules, Registrars Service Standards, Settlement Discipline Rules, CCSS Operations Manual, 166 Daily Timetable, CREST Application Procedure, CREST Glossary of Terms and CREST Terms and Conditions (all as defined in the CREST Glossary of Terms promulgated by Euroclear on 15 July 1996.
CREST Regulations	the Uncertificated Securities Regulations 2001 (SI 2001/3755), as amended from time to time.
CSE or Canadian Securities Exchange	the Canadian Securities Exchange, operated by CNSX Markets Inc.
Custodian	Computershare Nominees or a subsidiary or third party appointed by

	Computershare to act as Custodian.
Dealing Disclosure	has the same meaning as in Rule 8 of the Code.
Depository	Computershare.
Depository Agreement	the depository agreement relating to the issue of the Depository Interests and to be entered into between Stillcanna and the Depository;
Depository Deed Poll	the deed poll relating to the holding of Stillcanna Shares and the issue of the Depository Interests made by the Depository in favour of the DI Holders;
Depository Interest or DI	a depository interest issued by the Depository whereby the Custodian, as the nominated custodian, will hold overseas securities on trust for the CREST member to whom it has issued a depository interest.
DI Holder(s)	the holder(s) of a Depository Interest from time to time, pursuant to the Depository Deed Poll.
Disclosure Date	21 July 2020, being the latest practicable date prior to the publication of this document.
Disclosure Period	the period commencing on 22 April 2019, being the date twelve months prior to the commencement of the Offer Period and ending on the Disclosure Date.
Dragonfly	Dragonfly Biosciences Limited.
DRS	the Canadian Direct Registration System, whereby securities are held in “book-entry” (registered) form without having a physical security certificate issued as evidence of ownership.
DRS Advice(s)	a direct registration system advice evidencing the electronic registration of ownership of the Stillcanna Shares.
Effective	in the context of the Acquisition: <ul style="list-style-type: none"> (i) if the Acquisition is implemented by way of the Scheme, means the Scheme having become effective in accordance with its terms; or (ii) if the Acquisition is implemented by way of a Takeover Offer, such offer having become or been declared unconditional in all respects in accordance with its terms.
Effective Date	the date on which the Scheme or the Acquisition becomes Effective.
EFSA	European Food Standards Agency.
EU GMP	European Union (EU) good manufacturing practices.
EU Merger Regulation	Council Regulation (EC) No 139/2004 of 20 January 2004 on the control of concentrations between undertakings.
Euroclear	Euroclear UK & Ireland Limited.
Exchange Price	the price at which the MIP Shares may be exchanged for Sativa Shares pursuant to the MIP, as described in paragraph 7 of Part 1.
Exchange Ratio	0.33507 New Stillcanna Shares for each Scheme Share.

Existing Stillcanna Share Capital	the existing issued and outstanding share capital in Stillcanna, excluding those shares held in treasury by Stillcanna, comprising 110,874,747 Stillcanna Shares as at 21 July 2020 (being the latest practicable date prior to the Disclosure Date).
FCA	the Financial Conduct Authority of the United Kingdom.
Forms of Proxy	the white and pink forms of proxy enclosed with this document for use in connection with (i) the Court Meeting; and (ii) the General Meeting, respectively, and Form of Proxy means either of them.
FSE or Frankfurt Stock Exchange	the Frankfurt Stock Exchange (also known as the Börse Frankfurt), operated by Deutsche Börse AG.
General Meeting	the general meeting of Sativa Shareholders (including any adjournment, postponement or reconvention of it) to be convened for the purpose of considering, and if thought fit, approving the shareholder resolutions necessary to enable Sativa to implement the Acquisition, notice of which is set out in this document.
Goodbody Botanicals	Goodbody Botanicals Ltd, a company incorporated in England and Wales with company number 11023167, a wholly-owned subsidiary of Sativa
Goodbody SPA	the share purchase agreement entered into by Sativa and CML pursuant to which Sativa acquired the entire issued share capital of Goodbody Botanicals, details of which are summarised in paragraph 7(a)(i) of Part 7 of this document.
Goodbody Wellness	Goodbody Wellness Ltd, a company incorporated in England and Wales with company number 11811004, a wholly-owned subsidiary of Sativa
HACCP	hazard analysis and critical control point.
Hurdle	the proposed hurdle for the exercise of the rights to be granted pursuant to the MIP.
Immediate Relations	in relation to a director, his spouse or civil partner and any child or step-child of his under the age of 18 years.
interests in securities	has the meaning given to it in the Takeover Code.
Interested Persons	in relation to a director, his Immediate Relations and other persons (including, without limit, bodies corporate) whose interests that director is taken or treated as having by virtue of the application of Part 22 of the Companies Act 2006.
Letter of Intent	the letter of intent entered into by Sativa and Stillcanna on 19 April 2020 in respect of the Acquisition.
Locked-In Parties	the parties listed in paragraph 9 of Part 1 who will be required to enter into Resulting Issuer Escrow Agreements in respect of their New Stillcanna Shares and, if applicable, New Stillcanna Options and New Stillcanna Warrants.
Longstop Date	30 September 2020, or such later date (if any) as Stillcanna and Sativa may agree, and (if required) the Panel and the Court may allow.
Meetings	the Court Meeting and the General Meeting, and Meeting means either of them.
Merger Control Authority	any national, supra-national or regional, government or governmental, quasi-governmental, statutory, regulatory or investigative body or court,

	in any jurisdiction, responsible for the review or approval of mergers, acquisitions, concentrations, joint ventures, or any other similar matter.
MIP	the new management incentive plan adopted by Sativa immediately following the Announcement, as described in paragraph 7 of Part 1.
MIP Shares	growth shares in the capital of Goodbody Botanicals, a wholly-owned subsidiary of Sativa, to be issued to Sativa Directors pursuant to the MIP carrying those rights described in paragraph 7 of Part 1.
New Stillcanna Options	options to subscribe for Stillcanna Shares to be issued to holders of Sativa Options as described in paragraph 11 of Part 1.
New Stillcanna Shares	the new Stillcanna Shares proposed to be allotted and issued to Scheme Shareholders in connection with the Acquisition, being 190,720,026 Stillcanna Shares;
New Stillcanna Warrants	warrants to subscribe for Stillcanna Shares to be issued to holders of Sativa Warrants as described in paragraph 11 of Part 1.
Nexus Facility	the cultivation and extraction facility owned and operated by Olimax NT in Poland.
Novel Foods	food that had not been consumed to a significant degree by humans in the EU before 15 May 1997.
Offer Period	the offer period (as defined in the Code) relating to Sativa, which commenced on 22 April 2020 being the date upon which the Possible Offer Announcement was made.
Olimax Acquisition	the acquisition of Olimax NT by Stillcanna pursuant to the Olimax SPA
Olimax NT	Olimax NT Sp. Z.O.O., a company incorporated in Poland, being a wholly-owned subsidiary of Stillcanna.
Olimax RC	Olimax Nieruchomości Sp. Z O.O, a company incorporated in Poland, being a wholly-owned subsidiary of Stillcanna.
Olimax SPA	the share purchase agreement dated 7 May 2019 relating to the Olimax Acquisition, as summarised in paragraph (vii) of Part 7 of this document.
Opening Position Disclosure	an announcement pursuant to Rule 8 of the Code containing details of interests or short positions in, or rights to subscribe for, any relevant securities of a party to the Offer if the person concerned has such a position.
Option Quantum	the maximum number of Sativa Shares that may be acquired by a holder of Sativa Options as at the date of this document.
Origin Facility	the cultivation and extraction facility owned and operated by PESL in Romania.
OTC Pink	the pink open market operated in the United States by OTC Markets Group Inc.
Overseas Shareholders	Sativa Shareholders who are resident in, located in, or citizens of, jurisdictions outside the UK.
Panel	the Panel on Takeovers and Mergers in the UK.
Personnel	in relation to any person, its board of directors, members of their immediate families, related trusts and persons connected with them, as

such expressions are construed in accordance with the Takeover Code.

Peterhouse	Peterhouse Capital Limited of 3 rd Floor, 80 Cheapside, London, EC2V 6E.
PESL	Premium Extraction Services Ltd, a company incorporated in Bulgaria in which Borganic holds a 49% interest.
PhytoVista Laboratories or PVL	PhytoVista Laboratories Ltd, a company incorporated in England and Wales with company number 1119,4595, a wholly-owned subsidiary of Sativa
Placing Agreement	the placing agreement entered into by Sativa and Allenby, as further summarised in paragraph 8(a)(iii) of Part 7 of this document.
Possible Offer Announcement	means the Rule 2.4 possible offer announcement made by Sativa on the Possible Offer Announcement Date.
Possible Offer Announcement Date	22 April 2020.
PST	Pacific time.
PVL SPA	the share purchase agreement entered into by Sativa and CML pursuant to which Sativa acquired the entire issued share capital of PhytoVista Laboratories, details of which are summarised in paragraph 8(a)(ii) of Part 7 of this document.
Registrars	Neville Registrars Limited of Neville House, Steelpark Road, Halesowen B62 8HD
Registrar of Companies	the Registrar of Companies of England and Wales.
Relevant Authority	each of a government or governmental, quasi-governmental, supranational, statutory, regulatory, environmental or investigative body, court, trade agency, association or any other similar body or person whatsoever in any jurisdiction.
relevant Stillcanna Securities	Stillcanna Shares, any other securities in the capital of Stillcanna which carry voting rights or which are equity share capital, and securities convertible into, rights to subscribe for, options (including traded options) in respect of and derivatives referenced to, any of the foregoing.
relevant Sativa securities	Sativa Shares, any other securities in the capital of Sativa which carry voting rights or which are equity share capital, and securities convertible into, rights to subscribe for, options (including traded options) in respect of and derivatives referenced to, any of the foregoing.
Resolution	the resolution set out in the notice of General Meeting in Part 11 of this document, to be proposed and, if thought fit, passed at the General Meeting in connection with the implementation of the Scheme.
Restricted Jurisdiction	any jurisdiction where local laws or regulations may result in significant risk of civil, regulatory or criminal exposure if information concerning the Acquisition is sent or made available to Sativa Shareholders in that jurisdiction (in accordance with Rule 30.3 of the Code).
Restricted Overseas Shareholders	Sativa Shareholders resident in, or nationals or citizens of, Restricted Jurisdictions, or who are nominees or custodians, trustees or guardians for, citizens, residents or nationals of such Restricted Jurisdictions;
Resulting Issuer Escrow	the escrow agreement to be entered into between Stillcanna, the Locked-In Parties and Computershare Canada, pursuant to which New

Agreement	Stillcanna Shares and Stillcanna Shares owned by the Locked-In Parties will initially be held in escrow in accordance with the requirements of the CSE.
Sativa	Sativa Group plc, a public limited company incorporated under the laws of England and Wales with the registered number 11118594 and listed on the AQSE.
Sativa Directors	the members of the Sativa Board as at the date of this document or, where the context so requires, the members of the Sativa Board from time to time.
Sativa Germany	Sativa Germany GmbH, a company incorporated in Germany which is owned 60% by Sativa.
Sativa Group	Sativa and its parent and subsidiaries and parent undertakings and subsidiary undertakings from time to time.
Sativa Options	options to subscribe for Sativa Shares which, when issued, shall include the Value Capped Options.
Sativa Shares	the ordinary shares of 0.25 pence each in the capital of Sativa.
Sativa Shareholders	holders of Sativa Shares and Sativa Shareholder shall be construed accordingly.
Sativa Subsidiaries	all of the subsidiaries (direct and indirect) of Sativa.
Sativa Warrants	warrants to subscribe for Sativa Shares.
SC&E	Sativa Cultivation and Extraction Ltd, a company incorporated in England and Wales with company number 11499165, a wholly-owned subsidiary of Sativa.
Scheme	the proposed scheme of arrangement under Part 26 of the Companies Act between Sativa and the Scheme Shareholders to implement the Acquisition with or subject to any modification, addition or condition approved or imposed by the Court and agreed to by Sativa and Stillcanna.
Scheme Document	this document.
Scheme Record Time	6.00 pm (London (England) time) on the day two Business Days before the Scheme Effective Date.
Scheme Shareholders	holders of Scheme Shares.
Scheme Shares	<p>the Sativa Shares:</p> <ul style="list-style-type: none"> (i) in issue at the date of this document and which remain in issue at the Scheme Record Time; (ii) (if any) issued after the date of this document and before the Voting Record Time and which remain in issue at the Scheme Record Time; and (iii) (if any) issued at or after the Voting Record Time but at or before the Scheme Record Time on terms that the holder thereof shall be bound by the Scheme or in respect of which the original or any subsequent holders thereof are, or have agreed in writing to be, bound by the Scheme and, in each case, which remain in issue at the Scheme Record Time, <p>excluding, in any case, any Sativa Shares held by or on behalf of Stillcanna or Stillcanna Group at the Scheme Record Time.</p>

SEC	the United States Securities and Exchange Commission.
SEDAR	the System for Electronic Document Analysis and Retrieval, an electronic filing system for Canadian listed companies.
Shareholder	see Sativa Shareholder.
short position	a short position whether conditional or absolute and whether in the money or otherwise including any short position under a derivative, any agreement to sell or any delivery obligations or right to require another person to purchase or take delivery.
Significant Interest	in relation to an undertaking, a direct or indirect interest of 20% or more of: (i) the total voting rights conferred by the equity share capital (as defined in section 548 of the Companies Act) of such undertaking; or (ii) the relevant partnership interest.
Stillcanna	Stillcanna Inc, a company incorporated in Canada with registered number BC0902892.
Stillcanna Directors	the members of the Stillcanna Board as at the date of this document or, where the context so requires, the members of the Stillcanna Board from time to time.
Stillcanna Group	Stillcanna and its parent and subsidiaries and parent undertakings and subsidiary undertakings from time to time.
Stillcanna Shareholder Meeting	the general meeting of the Stillcanna Shareholders to be convened for the purpose of considering, and if thought fit, approving the shareholder resolutions necessary to enable Stillcanna to implement the Acquisition.
Stillcanna Shareholders	holders of Stillcanna Shares.
Stillcanna Shares	common shares in the share capital of Stillcanna.
subsidiary or subsidiary undertaking	have the meanings given to them in the Companies Act.
Takeover Code or Code	The City Code on Takeovers and Mergers (as amended from time to time) issued by the Panel.
Takeover Offer	should the Acquisition be implemented by way of a takeover offer as defined in Chapter 3 of Part 28 of the Companies Act, the offer to be made by or on behalf of Stillcanna to acquire the entire issued and to be issued share capital of Sativa not already owned by Stillcanna and, where the context permits, any subsequent revision, variation, extension or renewal of such takeover offer.
Tessellate	Tessellate Collective Ltd, a company incorporated in England and Wales with company number 11810780, a wholly-owned subsidiary of Sativa
uncertificated or in uncertificated form	in relation to a share or other security, a share or other security the title to which is recorded as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST.
United Kingdom or UK	the United Kingdom of Great Britain and Northern Ireland.
United States	the United States of America.
US Securities Act	the US Securities Act 1933.

Value Capped Options	the value capped options to be issued to certain Sativa Directors pursuant to the MIP.
Voting Record Time	6.00 p.m. on the second day before the date of the Court Meeting or any adjournment of it (as the case may be), in each case excluding any day that is not a Business Day.
Wider Stillcanna Group	Stillcanna and its subsidiaries, subsidiary undertakings, associated undertakings and any other body corporate, partnership, joint venture or person in which Stillcanna and all such undertakings (aggregating their interests) have a Significant Interest.
Wider Sativa Group	Sativa and its subsidiaries, subsidiary undertakings, associated undertakings and any other body corporate, partnership, joint venture or person in which Sativa and all such undertakings (aggregating their interests) have a Significant Interest.

In this document, the following terms have the meaning given to them in the Takeover Code: **“acting in concert”**, **“connected adviser”**, **“dealing”** (and **“dealt”** shall be construed accordingly), **“derivative”**, **“exempt fund manager”**, **“exempt principal trader”**, **“interests in securities”** (and reference to a person having an interest in securities shall be construed accordingly).

PART 10 - NOTICE OF COURT MEETING

**IN THE HIGH COURT OF JUSTICE,
BUSINESS AND PROPERTY COURTS
OF ENGLAND AND WALES,
COMPANIES COURT (ChD)**

BEFORE JUDGE BARBER

IN THE MATTER OF SATIVA GROUP PLC

– and –

IN THE MATTER OF THE COMPANIES ACT 2006

NOTICE IS HEREBY GIVEN that by an Order dated 20 July 2020 made in the above matters, the High Court of Justice (the “**Court**”) has given permission for a meeting (the “**Court Meeting**”) to be convened of the Scheme Shareholders (as defined in the document of which this Notice forms part (the “**Scheme Circular**”)) for the purpose of considering and, if thought fit, approving (with or without modification) a scheme of arrangement (the “**Scheme of Arrangement**”) proposed to be made between the Company and the Scheme Shareholders and that such meeting will be held at the offices of The Blue Building, Stubbs Lane, Beckington, Frome, Somerset, BA11 6TE, United Kingdom on 17 August 2020 at 11.00 am at which place and time all Scheme Shareholders are requested to virtually attend.

A copy of the Scheme of Arrangement and a copy of the explanatory statement required to be furnished pursuant to section 897 of the Companies Act 2006 are incorporated in the Scheme Circular of which this Notice forms part. Capitalised terms used but not defined in this Notice shall have the meaning given to them in the Scheme Circular.

Subject to the paragraph immediately below, the persons entitled to attend and vote at the Court Meeting shall be those who are entered on the relevant register at 6.00 p.m. on 13 August 2020.

In keeping with the Government’s current COVID-19 health and safety advice, it is proposed that the Court Meeting be held with a board quorate only and that Scheme Shareholders will not be able to attend the Court Meeting in person. To ensure that Scheme Shareholders can still participate in an orderly and safe Court Meeting, the meeting will be held virtually via an electronic platform. These measures are required in order to safeguard Shareholders’ health and in order to make the AGM as safe and efficient as possible. The Company is invoking certain of the meetings provisions in the Companies Act 2006 and its articles of association. These provisions allow the Company to use facilities and measures that it considers to be adequate, and for the Company to make arrangements for the safety and security of Shareholders in line with COVID-19 safety advice. Live voting will not be possible at the Court Meeting and Shareholders are strongly encouraged to exercise their voting rights at the Court Meeting by completing and returning a Form of Proxy or CREST proxy instruction. Forms of Proxy must be received by no later than 48 hours (excluding any part of such 48 hour period falling on a non-Business Day) before the appointed time for the Court Meeting. The completion and return of a Form of Proxy or CREST proxy instruction will not prevent you from virtually attending the Court Meeting or any adjournment thereof if you so wish and are so entitled in the manner described above.

If you wish to attend either the Court Meeting or the General Meeting, please request a hyperlink and pass code to the meeting by contacting Anne Tew, Company Secretary, at Anne.Tew@sativagroup.co.uk.

Please vote your shares by appointing the Chairman of the Company as your proxy. You can vote by returning the proxy instruction that you received with this document. **ONLY THE CHAIRMAN CAN BE APPOINTED AS YOUR PROXY FOR THIS COURT MEETING AND IN ADDITION SHAREHOLDERS CANNOT ATTEND THIS MEETING IN PERSON.**

The platform that being used at the Court Meeting will allow Scheme Shareholders to submit questions on the resolutions and the business of the meeting only via webcast in real-time during the course of the meeting. We would politely remind you that the Directors will not answer questions relating to the individual rights of Scheme Shareholders or any general matters at the Court Meeting itself. In addition to the arrangements on the day of the Court Meeting, Shareholders will be able to submit questions ahead of the Court Meeting by contacting Anne Tew, Company Secretary, at Anne.Tew@sativagroup.co.uk. You may submit your questions at any time following the date of this document up until the start of the Court Meeting. Only questions in relation to the resolutions or business of the Court Meeting will be considered.

A blue Form of Proxy for use at the Court Meeting is enclosed with this notice. Scheme Shareholders who hold their shares in uncertificated form (i.e. in CREST) are requested to complete CREST proxy

instructions in accordance with the procedures described in the CREST Manual, which can be viewed at www.euroclear.com/CREST. Completion of the blue Form of Proxy, or the appointment of a proxy through CREST, will not prevent a Scheme Shareholder from virtually attending the Court Meeting, or any adjournment thereof. Alternatively, you may lodge a hard copy Form of Proxy directly from with the registrars, Neville Registrars. A hard copy Form of Proxy together with any power of attorney or other authority under which it is signed, or a duly certified copy thereof, must be received by the Registrar at Neville Registrars, Neville House, Steelpark Road, Halesowen, West Midlands B62 8HD not later than 11.00 a.m. on 13 August 2020 (or, in the case of an adjournment, not later than 48 hours (excluding nonbusiness days) before the time fixed for the holding of the adjourned meeting).

It is requested that Forms of Proxy (and any power of attorney or other authority under which the same are signed) and CREST proxy instructions be lodged with the Registrars, Neville Registrars at Neville House, Steelpark Road, Halesowen, West Midlands B62 8HD, in each case not less than 48 hours (excluding any day that is not a Business Day) before the time appointed for the Court Meeting. Unless your Form of Proxy is returned by the relevant time specified above (or, in the case of adjournment, not later than 48 hours before the time fixed for the holding of the adjourned meeting (excluding any day that is not a Business Day)), it will be invalid.

The blue Form of Proxy may alternatively be submitted electronically by logging on to the following website www.sharegateway.co.uk. Shareholders should use their personal proxy registration code (Activity Code) as shown on the Form of Proxy. For an electronic proxy appointment to be valid, the appointment must be received by Neville Registrars Limited no later than 11.00 a.m. on 13 August 2020 (or in the case of adjournment, not later than 48 hours (excluding non-business days) before the time fixed for the holding of the adjourned meeting).

In the case of joint holders, the vote of the senior holder who tenders a vote by proxy, will be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the joint holding.

Entitlement to attend and vote at the Court Meeting, or any adjournment thereof, and the number of votes which may be cast thereat will be determined by reference to the register of members of the Company as at 6.00 pm on the day which is two Business Days before the date of the Court Meeting or adjourned meeting (as the case may be). In each case, changes to the register of members of the Company after such time will be disregarded for the purposes of determining entitlement to attend and vote.

By the said Order, the Court has appointed **Jonathan Wearing** or, failing him, any other director of the Company to act as chairman of the Court Meeting and has directed the chairman to report the result thereof to the Court.

The Scheme of Arrangement will be subject to the subsequent sanction of the Court.

Dated 22 July 2020

Sativa Group Plc
The Blue Building
Stubbs Lane
Beckington
Frome
Somerset
United Kingdom
BA11 6TE

PART 11 - NOTICE OF GENERAL MEETING

SATIVA GROUP PLC

(incorporated in England and Wales with registered number 11118594)

Notice is hereby given that a general meeting (the "**General Meeting**") of Sativa Group plc (the "**Company**") will be held at The Blue Building, Stubbs Lane, Beckington, Frome, Somerset, BA11 6TE, United Kingdom on 17 August 2020 at 11.15 am (or as soon thereafter as the Court Meeting shall have been concluded or adjourned) for the purpose of considering and, if thought fit, passing resolution 1 below as an ordinary resolution and resolution 2 below as a special resolution. Capitalised terms in this Notice shall, unless defined herein, have the same meanings as defined in the document of which this Notice forms part.

ORDINARY RESOLUTION

1. **THAT** the financial statements of the Company for the period ended 31 December 2019 together with the report of the directors and the report of the auditors thereon be received.

SPECIAL RESOLUTION

2. **THAT:**
 - (a) for the purpose of giving effect to the scheme of arrangement dated published on 22 July 2020 (the "**Scheme**"), in its original form or subject to such modification, addition or condition agreed between the Company and Stillcanna Inc. ("**Stillcanna**") and approved or imposed by the Court, proposed to be made between the Company and the Scheme Shareholders (as defined in the Scheme), a print of which has been produced to the General Meeting and (for the purpose of identification only) signed by the Chairman, the Scheme be approved in its original form or subject to such modification, addition or condition agreed between the Company and Stillcanna, and the directors of the Company be authorised to take all such action as they may consider necessary or appropriate for carrying the Scheme into effect;
 - (b) with effect from the passing of this resolution, the articles of association of the Company be amended by:
 - (i) Including the following new definitions in article 2.1:

"Acquisition" the acquisition of the Company by the Purchaser pursuant to a scheme of arrangement sanctioned by the Court under Part 26 of the Act;

"Effective" has the meaning given to it in Part Eight (Definitions) of the scheme document issued by the Company on 22 July 2020 in connection with the Scheme;

"Effective Date" has the meaning given to it in Part 9 (*Definitions*) of the scheme document issued by the Company on 22 July 2020 in connection with the Scheme;

"New Member" has the meaning given in article 12.3;

"Post-Scheme Shares" has the meaning given in article 12.3;

"Purchaser" has the meaning given in article 12.3;

"Scheme" has the meaning given in article 12.1;

"Scheme Shares" has the meaning given to it in Part 9 (*Definitions*) of the scheme document issued by the Company on 22 July 2020 in connection with the Scheme;

"Scheme Record Time" has the meaning given to it in 9 (*Definitions*) of the scheme document issued by the Company on 20 June 2019 in connection with the Scheme;

"Stillcanna" has the meaning given in article 12.1;

"Stillcanna Company" has the meaning given in article 12.2;

“Transfer Completion Date” such date for the completion of the sale and purchase of the Post-Scheme Shares as the Purchaser may determine;

- (ii) including the following new article as article 12 (and amending the remainder of the articles and any cross-references thereto accordingly):

“Scheme of Arrangement”

- 12.1 In this article 12, references to the “Scheme” are to the Scheme of Arrangement under Part 26 of the Act between the Company and the holders of Scheme Shares (as defined in the Scheme) dated 22 July 2020 (with or subject to any modification, addition or condition approved or imposed by the Court and agreed by the Company and Stillcanna Inc. (“Stillcanna”)) which expression includes any other name which Stillcanna may adopt from time to time) and (save as defined in this article) terms defined in the Scheme shall have the same meanings in this article.
- 12.2 Notwithstanding any other provisions in these articles, if the Company issues any Shares (other than to Stillcanna, any subsidiary of Stillcanna, any parent undertaking of Stillcanna, or any nominee of Stillcanna (each a “Stillcanna Company”)) on or after the date of the insertion of this article and prior to the Scheme Record Time, such Shares shall be issued subject to the terms of the Scheme and the original holder or any subsequent holder or holders of such Shares shall be bound by the Scheme accordingly.
- 12.3 Notwithstanding any other provision of these articles, subject to the Scheme becoming Effective, any shares issued to any person (other than a Stillcanna Company) after the Scheme Record Time (a “New Member”) (each a “Post-Scheme Share”) shall be issued on terms that, provided the Scheme has become Effective, they shall be immediately transferred to Stillcanna (or such person as it may direct) (the “Purchaser”) in consideration for, and conditional on, the allotment and issue free of all encumbrances of such number of fully paid and non-assessable common shares in the capital of Stillcanna as would have been allotted and issued to such New Member (or any subsequent holder or any nominee of such New Member or of any subsequent holder) under the Scheme had such Post-Scheme Shares been Scheme Shares, provided that:
 - 12.3.1 if the Company is advised that the allotment and issue of any common shares in Stillcanna pursuant to this article would or may infringe the laws of a jurisdiction outside the United Kingdom or would or may require Stillcanna to comply with any governmental or other consent or any registration, filing or other formality or requirement with which Stillcanna is in its opinion unable to comply or compliance with which Stillcanna regards as unduly onerous, the Company may, in its sole discretion, determine that such common shares in Stillcanna shall be sold, in which event Stillcanna shall appoint a person to act pursuant to this article and such person shall be authorised on behalf of the New Member to procure that any common shares in respect of which Stillcanna has made such a determination, as soon as practicable following the allotment of such common shares, be sold at the best price which can reasonably be obtained at the time of sale and the net proceeds of such sale (after the deduction of all expenses and commissions, including any value added tax payable thereon), rounded down to the nearest penny, shall be paid to the New Member;
 - 12.3.2 the number of common shares in Stillcanna allotted and issued to a New Member pursuant to this article may be adjusted by the Directors on any reorganisation of or material alteration to the share capital of either the Company or Stillcanna (including, without limitation, any subdivision and/or consolidation) effected after the close of business on the Scheme Effective Date. References in this article to shares shall, following such adjustment, be construed accordingly; and
 - 12.3.3 no fraction of a common share in Stillcanna shall be allotted or issued pursuant to this article and the fractional entitlement of each New Member who would otherwise have been entitled to the beneficial interest in a fraction of such common share in Stillcanna shall be rounded down to the nearest whole number of shares.
- 12.4 To give effect to any transfer of Post-Scheme Shares required pursuant to article 12.3, the Company may appoint any person as attorney and/or agent for the New Member to transfer the Post-Scheme Shares to the Purchaser and/or its nominees and do all such other things and execute and deliver all such documents or deeds as may in the opinion of such attorney

or agent be necessary or desirable to vest the Post-Scheme Shares in the Purchaser and pending such vesting to exercise all such rights attaching to the Post-Scheme Shares as the Purchaser may direct. If an attorney or agent is appointed, the New Member shall not thereafter (except to the extent that the attorney or agent fails to act in accordance with the directions of the Purchaser) be entitled to exercise any rights attaching to the Post-Scheme Shares unless so agreed in writing by the Purchaser. The attorney or agent shall be empowered to execute and deliver as transferor a form of transfer or instructions of transfer on behalf of the New Member (or any subsequent holder) in favour of the Purchaser and the Company may give good receipt for the consideration for the Post-Scheme Shares and may register the Purchaser as holder thereof and issue to it certificate(s) for the same. The Company shall not be obliged to issue a certificate to the New Member for the Post-Scheme Shares. Stillcanna shall issue and allot any common shares in Stillcanna within 14 days of the issue of the Post-Scheme Shares to the New Member.

- 12.5 If the Scheme shall not have become Effective by the applicable date referred to in (or otherwise set in accordance with) section 6(b) of the Scheme, this article 12 shall cease to be of any effect.
- 12.6 Notwithstanding any other provision of these Articles, both the Company and the board shall refuse to register the transfer of any Scheme Shares effected between the Scheme Record Time and the Effective Date other than to the Purchaser and/or its nominee(s) pursuant to the Scheme.
- (c) with effect from the Scheme Effective Date (as defined in the Scheme), the Company be re-registered as a private limited company and that in consequence the name of the Company be changed to Sativa Group Limited.

By Order of the Board
Jonathan Wearing
Chairman
22 July 2020
Registered in England & Wales
No. 11118594

Registered Office:
Sativa Group Plc
The Blue Building
Stubbs Lane
Beckington
Frome
Somerset
United Kingdom
BA11 6TE

NOTES TO THE NOTICE OF GENERAL MEETING

- 1 In keeping with the Government's current COVID-19 health and safety advice, it is proposed that the General Meeting be held with a board quorate only and that Shareholders will not be able to attend the General Meeting in person. To ensure that Shareholders can still participate in an orderly and safe General Meeting, the meeting will be held virtually via an electronic platform. Shareholders will be able to hear the meetings' chairman and to submit questions on the resolutions and business of the General Meeting. It is proposed that specific questions can be submitted by contacting Anne Tew, Company Secretary, at Anne.Tew@sativagroup.co.uk. Shareholders may submit questions at any time following the date of this document up until the start of the General Meeting and may also be able to ask them in real-time during the General Meeting. These measures are required in order to safeguard Shareholders' health and in order to make the AGM as safe and efficient as possible. The Company is invoking certain of the meetings provisions in the Companies Act 2006 and its articles of association. These provisions allow the Company to use facilities and measures that it considers to be adequate, and for the Company to make arrangements for the safety and security of Shareholders. Live voting will not be possible at the General Meeting and Shareholders are strongly encouraged to exercise their voting rights at the General Meeting by completing and returning a Form of Proxy or CREST proxy instruction. Forms of Proxy must be received by no later than 48 hours (excluding any part of such 48 hour period falling on a non-Business Day) before the appointed time for the General Meeting. The completion and return of a Form of Proxy or CREST proxy instruction will not prevent you from virtually attending the General Meeting or any adjournment thereof if you so wish and are so entitled in the manner described above.
- 2 Please vote your shares by appointing the Chairman of the Company as your proxy. You can vote by returning the proxy instruction that you received with this document. **ONLY THE CHAIRMAN CAN BE APPOINTED AS YOUR PROXY FOR THIS GENERAL MEETING AND IN ADDITION SHAREHOLDERS CANNOT ATTEND THIS MEETING IN PERSON.**
- 3 **If you wish to attend either the Court Meeting or the General Meeting, please request a hyperlink and passcode to the meeting by contacting Anne Tew, Company Secretary, at Anne.Tew@sativagroup.co.uk.**
- 4 The platform that being used at the General Meeting will allow Shareholders to submit questions on the resolutions and the business of the meeting only via webcast in real-time during the course of the meeting. We would politely remind you that the Directors will not answer questions relating to the individual rights of Shareholders or any general matters at the General Meeting itself. In addition to the arrangements on the day of the General Meeting, Shareholders will be able to submit questions ahead of the General Meeting by contacting Anne Tew, Company Secretary, at Anne.Tew@sativagroup.co.uk. You may submit your questions at any time following the date of this document up until the start of the General Meeting. . Only questions in relation to the resolutions or business of the General Meeting will be considered.
- 5 The return of a completed Form of Proxy, or any electronic or CREST proxy instruction (as described in paragraphs **6 - 8** below), will not prevent a shareholder virtually attending the General Meeting if he/she wishes to do so and is so entitled.
- 6 If you are a user of the CREST system (including a CREST personal member), you may appoint the Chairman as your proxy or give an instruction to a proxy by having an appropriate CREST message transmitted. To appoint a proxy or to give an instruction to a proxy (whether previously appointed or otherwise) via the CREST system, the CREST message must be received by the Registrar (CREST participant ID 7RA11) not later than 11.15 a.m. on 13 August 2020 (or, in the case of an adjournment, not later than 48 hours (excluding non-business days) before the time fixed for the holding of the adjourned meeting). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which the Registrar is able to retrieve the message.
- 7 CREST Personal Members or other CREST sponsored members should contact their CREST sponsor for assistance with appointing proxies via CREST. For further information on CREST procedures, limitations and systems timings, please refer to the CREST Manual (available via www.euroclear.com). The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
- 8 Alternatively, you may lodge a hard copy Form of Proxy directly with the registrars, Neville Registrars. A hard copy Form of Proxy together with any power of attorney or other authority under which it is

signed, or a duly certified copy thereof, must be received by the Registrar at Neville Registrars, Neville House, Steelpark Road, Halesowen, West Midlands B62 8HD not later than 11.15 a.m. on 13 August 2020 (or, in the case of an adjournment, not later than 48 hours (excluding non-business days) before the time fixed for the holding of the adjourned meeting).

- 9 Entitlement to virtually attend and vote by proxy at the meeting and the number of votes which may be cast at the meeting will be determined by reference to the register of members of the Company as at 6.00 p.m. on 13 August 2020.
- 10 If the meeting is adjourned, entitlement to attend and vote will be determined by reference to the register of members of the Company as at close of business two days prior to the adjourned meeting (excluding non-working days). Changes to the register of members of the Company after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the meeting.
- 11 Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.
- 12 The right to appoint proxies does not apply to persons nominated to receive information rights under section 146 of the Companies Act 2006. Persons nominated to receive information rights under section 146 of the Companies Act 2006 who have been sent a copy of this Notice of General Meeting are hereby informed that they may have a right under an agreement with the registered member by whom they were nominated to be appointed, or to have someone else appointed, as a proxy for this meeting.
- 13 If they have no such right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the member as to the exercise of voting rights. Nominated persons should contact the registered member by whom they were nominated in respect of these arrangements.
- 14 In the case of joint holders, where more than one of the joint holders purports to vote (including voting by proxy), the only vote which will count is the vote of the person whose name is listed before the other joint holder(s) on the register of members of the Company for the share.
- 15 Any Shareholder virtually attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting, but no such answer need be given if: (i) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information; (ii) the answer has already been given on a website in the form of an answer to a question; or (iii) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.
- 16 A copy of this Notice of General Meeting, and other information required by section 311A of the Companies Act 2006, can be found in the 'Shareholder Information' section of Company's website at www.sativagroup.co.uk. Neither the content of the Company's website nor any website accessible by hyperlinks to the Company's website is incorporated in, or forms part of, these notes.
- 17 Shareholders should only use any electronic address provided in either this Notice of General Meeting or any related documents (including the Chairman's letter and the Form of Proxy) to communicate with the Company for the purposes expressly stated.
- 18 At the close of business on 21 July 2020, the Company had 569,189,167 ordinary shares in issue. Therefore, the total number of voting rights in the Company was 569,189,167. The ordinary shares have a nominal value of 0.25 pence each. On a poll, each holder of ordinary shares has one vote per share.
- 19 The white Form of Proxy may alternatively be submitted electronically by logging on to the following website www.sharegateway.co.uk. Shareholders should use their personal proxy registration code (Activity Code) as shown on the Form of Proxy. For an electronic proxy appointment to be valid, the appointment must be received by Neville Registrars Limited no later than 11.15 a.m. on 13 August 2020 (or in the case of adjournment, not later than 48 hours (excluding non-business days) before the time fixed for the holding of the adjourned meeting).

APPENDIX I – DESCRIPTION OF STILLCANNA SHARES

Set out below is information concerning the Stillcanna Shares, including brief summaries of certain provisions of the articles of incorporation of Stillcanna and the Business Corporations Act (British Columbia) relating to limited companies and certain related legislation, all as currently in effect.

Voting

Holders of Stillcanna Shares are entitled to receive notice of any meetings of the shareholders of Stillcanna, and to attend in person or by proxy and to cast one vote per Stillcanna Share at all such meetings. Holders of Stillcanna Shares do not have cumulative voting rights with respect to the election of directors and, accordingly, holders of a majority of the Stillcanna Shares entitled to vote in any election of directors may elect all directors standing for election. Where there are joint holders of Stillcanna Shares, any one of such joint holders may vote and if more than one of such joint holders is present at any meetings of shareholders of Stillcanna in person or by proxy and more than one of them votes in respect of those Stillcanna Shares, only the vote of the joint shareholder of Stillcanna present whose name stands first on the central securities register of the Stillcanna Shares will be counted.

Under the Business Corporations Act (British Columbia), Stillcanna is required to hold an annual general meeting once each calendar year (which must be within 15 months of its last such annual general meeting).

Dividends

The New Stillcanna Shares to be issued to Scheme Shareholders pursuant to the Scheme will be issued credited as fully paid and non-assessable shares and will rank *pari passu* in all respects with the existing issued Stillcanna Shares. New Stillcanna Shares will carry the right to receive dividends and other distributions when, as and if declared by the Stillcanna Board on or after the Effective Date or by reference to a record date on or after the Effective Date (in each case whether or not wholly or partly in respect of a period which precedes the Effective Date). There are no fixed or specified dates on which entitlements to dividends payable in Stillcanna Shares shall arise.

Transfer of shares

No transfer of certificated Stillcanna Shares shall be registered unless the Company, transfer agent or registrar for the Stillcanna Shares so transferred has received a written instrument of transfer executed by or on behalf of the transferor.

Pre-emption rights

There are no pre-emption rights for existing holders of Stillcanna Shares either contained within Stillcanna's articles of incorporation or in the Business Corporations Act (British Columbia) and therefore shareholder approval is not required in order for Stillcanna to make any issue of Stillcanna Shares which is dilutive to existing holders of Stillcanna Shares.

Distribution of assets on a winding up

Upon the liquidation, dissolution or winding up of Stillcanna, holders of Stillcanna Shares are entitled to receive on a *pro rata* basis the net assets of Stillcanna after the payment of debts and other liabilities and all amounts due on any series or classes of shares in the authorised share structure of Stillcanna that rank superior to the Stillcanna Shares, in each case subject to the rights, privileges, restrictions and conditions attaching to any other series or class of shares that rank senior in priority to or on a *pro rata* basis with the holders of Stillcanna Shares with respect to dividends or liquidation.