

Sproutly

CORPORATE
PRESENTATION

January 2019



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OUR COMPANY

Sproutly is developing and bringing to market cannabis consumer products with a focus on beverages. We are combining advanced cannabis cultivation and transformational technologies to redefine the cannabis industry.

INVESTMENT HIGHLIGHTS

Shifting Consumer Preferences Presents Potential \$4.4 billion Canadian Cannabis Beverage Opportunity

- Smoking is becoming a taboo and declining sharply while cannabis oils gain popularity in Canada
- Cannabis oil sales have grown at a compounded quarterly growth rate of 43.2% while flower sales have only grown at 10.1%⁽¹⁾
- Potential Canadian Cannabis Beverage market estimated at up to \$4.4 billion by 2024⁽²⁾ before taking into account additional market potential created by naturally water-soluble based cannabis beverages

Scientific Ground Breaking Discovery of Naturally Water-Soluble Cannabinoids to Disrupt Cannabis Beverage

- Infusion Biosciences Inc.'s ("Infusion") discovery that the cannabis plant naturally produces water soluble forms of phytochemicals including cannabinoids and terpenes
- Exclusive licensee of Infusion's patent-pending APP Technology for the recovery of naturally water-soluble phytochemicals (Infuz₂O)
 - Onset of effects within 5 mins and offset of effects within 90 min solves the onset/offset challenge for the beverage industry
- Infuz₂O is fully soluble in water-based preparations without the need for formulation techniques such as emulsification or encapsulation
- Exclusive technology License with Micronutrient Technologies Inc. ("MTI") to deliver clear cannabis beverages fortified with water soluble minerals – MTI is the only provider of nutritional minerals in water-soluble form on a single molecular platform

Licensed Producer with Growth Potential Independent of Additional Investment in Cultivation

- Completed 16,600 sq.ft. facility (with cultivation license) with production capacity of up to 1,400 kg per year⁽³⁾ of dried cannabis flower, 700 kg of trim per year⁽³⁾ and APP Technology processing capacity of up to 10,000 kg annually (100 million 10mg doses)
- Strategically located in the Greater Toronto Area ("GTA") will also be the initial extraction facility for APP Technology
- Business model does not require investment in additional cultivation as Sproutly intends to source cannabis on the wholesale market
 - Expected oversupply in Canadian market to drive favourable wholesale pricing as top 6 Canadian LPs funded for 1.4 million kg vs. demand of 1.0 million kg

Superior Plant-to-Product Economics

- Proprietary, patent pending APP Technology is a plant-to-product process that also recovers oil-based cannabinoids (BNO) in addition to the water soluble phytochemicals (Infuz₂O)
- APP Technology is a highly scalable and low-cost recovery method which yields attractive economics as compared to other extraction methods that require further processing beyond extraction to produce consumable products
 - CO₂ extraction THC recovery rate of ~60% vs. APP Technology total THC recovery rate of ~90%
- APP Technology is proven and currently operated at commercial scale in the US

Highly Experienced Management

- Sproutly's executive management team provides decades of experience in biopharmaceutical research & development, technology commercialization, and business development
- 35+ years of experience in research and executive management positions at biotechnology and pharmaceutical companies

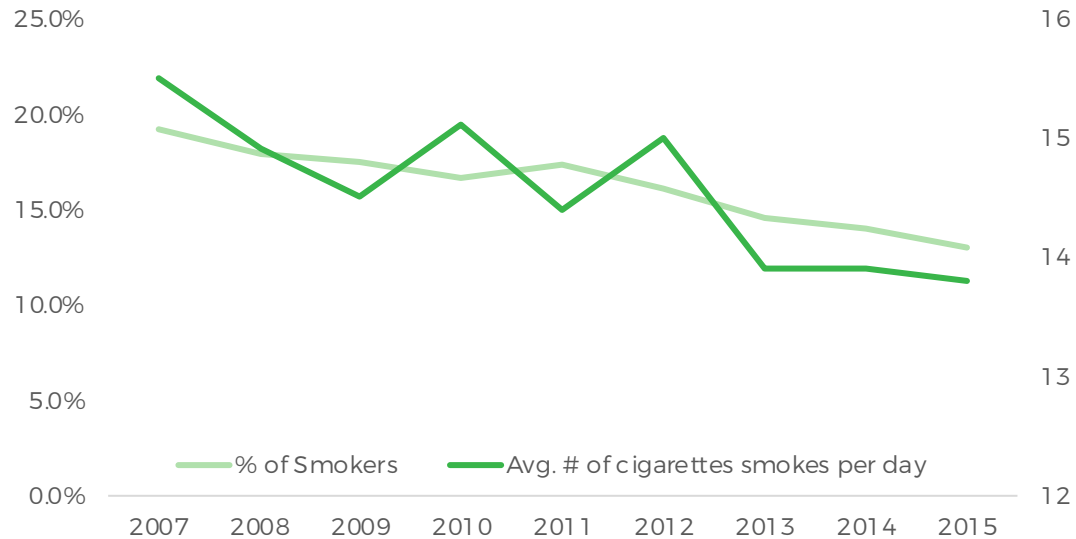
(1) Health Canada

(2) Deloitte and Management Estimates

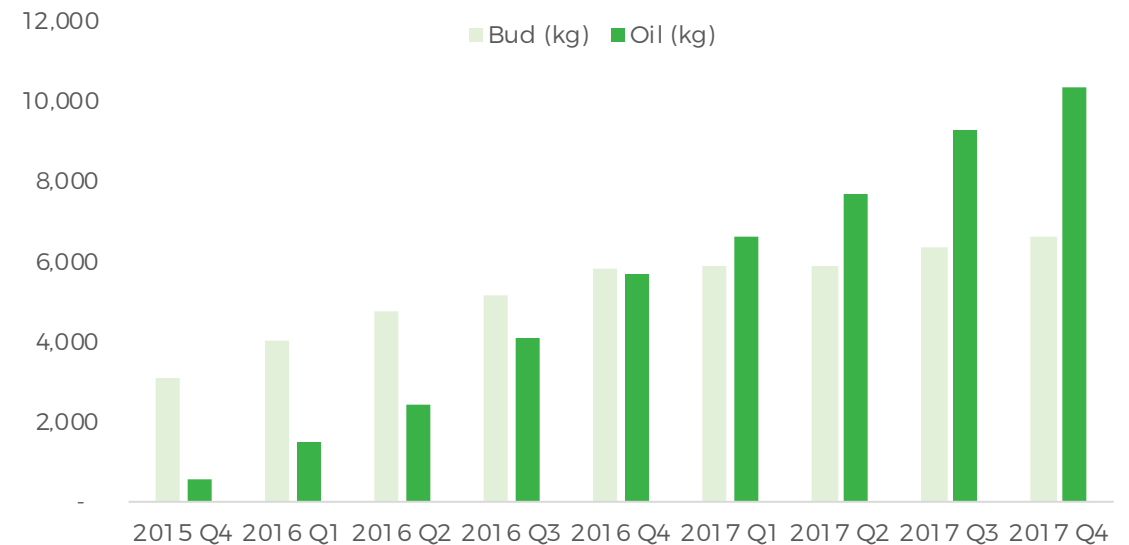
(3) 1,000 g of flower and 1,000 g of trim per grow light with five cycles per year

CONSUMER PREFERENCES FAVOR NON-INHALATION DELIVERY

Smoking Trends in Canada



Quarterly Cannabis Sales in Canada



- Statistics show both decreasing % of cigarette smokers and # of cigarettes smoked per day (by daily smokers) in Canada
- Twice as many non-users in Canada have expressed interest in consuming cannabis products or drinks as opposed to smoking marijuana
- American Lung Association has linked marijuana smoke to chronic bronchitis and a weakened immune system

- Compounded Quarterly Growth Rate of Bud: **10.1%**
- Compounded Quarterly Growth Rate of Oil: **43.2%**
- Sales of oil have greatly surpassed the sales of bud in Canada

Smoking is becoming a taboo and declining sharply while cannabis oils are gaining popularity in Canada

CANNABIS BEVERAGE MARKET ESTIMATE



Total Canadian Cannabis Market
Size by 2024

\$8.7 Billion

Potential Canadian Cannabis
Beverage Market

% of Market	10%	20%	30%	40%	50%
Size (bln)	\$0.9	\$1.7	\$2.6	\$3.5	\$4.4

\$0.9 - \$4.4 Billion

Potential Canadian cannabis beverage market estimated at up to \$4.4 billion by 2024.
This does not account for additional market created by naturally water-soluble based cannabis beverages

TRANSFORMATIONAL ACQUISITION COMPLETED

[Watch Infusion Video](#)

The logo for Sproutly, featuring the word "Sproutly" in a green, cursive font with a small green sprout-like element at the end of the word.

Licensed Production

Completed facility capable of producing up to 1,400 kg per year

Facility designed to consistently produce high-quality, pharmaceutical-grade cannabis



Naturally Water-Soluble Cannabis

Sproutly owns the exclusive rights to Infusion's APP Technology in Canada, Australia, Israel, Jamaica, and the European Union

The world's only naturally water-soluble cannabis solution

Creates a leading cannabis beverage platform

INFUSION'S SCIENTIFIC DISCOVERY

CURRENT THINKING

Cannabinoids and terpenes are insoluble in water but soluble in lipids, alcohols and other non-polar organic solvents

"Truly water-soluble" molecules (like sugar and salt) homogeneously incorporate into water as molecules or ions without any physical manipulation, use of additives, or molecular modification

Cannabinoids can be formulated to be water-compatible and appear water-soluble through the use of well known technologies (encapsulations and emulsions) that have been used in pharma and beverage industries for many decades which can only partially mimic what is done by mother nature

NEW WAY OF THINKING

Mother nature enables all natural molecules, including lipids/oils, to exist in water solutions so that they can move around in a living organism and perform their natural functions

The naturally water soluble forms determine the biological "fate/destination/activity" of all molecules in nature - for example, the lipid cholesterol in LDL and HDL behave very differently in our body

Examples of lipid/oil natural molecules that are naturally water soluble are: Cholesterol (LDL and HDL); Triglycerides; Fatty acids; Chlorophyll

GROUNDBREAKING DISCOVERY

(1)

Discovered that the cannabis plant naturally produces water-soluble forms of phytochemicals including cannabinoids and terpenes

(2)

Created patent pending Aqueous Phytorecovery Process ("APP") that first recovers the water-soluble phytochemicals followed by releasing the "free" oils without disrupting or "denaturing" the molecules

APP is a fundamental paradigm shift within the cannabis industry. Replacing traditional "water-compatible" solutions with true natural water-solubility improves the body's ability to utilize cannabinoids.

THE BIG OPPORTUNITY: INFUZ₂O - A DISRUPTIVE TECHNOLOGY

Paradigm shift in how cannabis is delivered and consumed, overcoming the industry's current and out dated methods

Predictable - less than 5 mins to feel effects, less than 90 mins to wear off

Experience - effects comparable to smoking and vaping

Discrete Consumption - odorless and smokeless

Formulation Versatility - numerous end-user applications

Precise Dosing - ability to deliver a measureable amount of cannabis

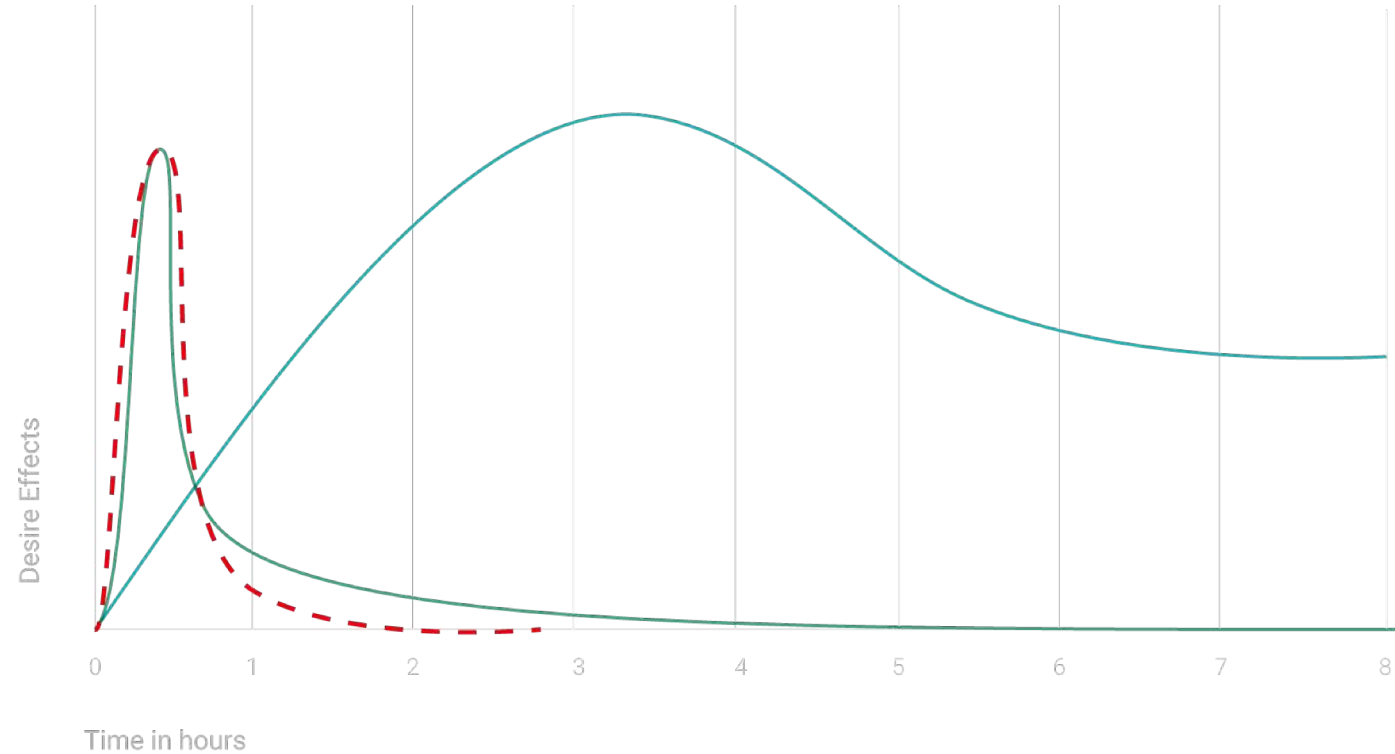
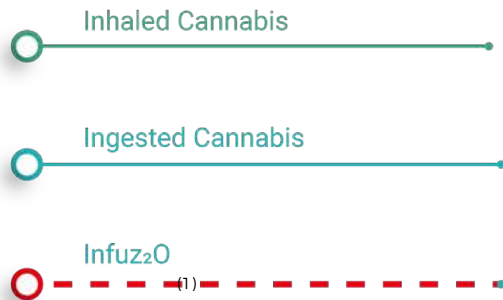
APP Technology delivers a truly natural water-soluble cannabis liquid without the need for formulation techniques such as emulsification or encapsulation



CANNABIS CONSUMPTION LANDSCAPE

Cannabis Impact Over Time: Inhaled vs Ingested

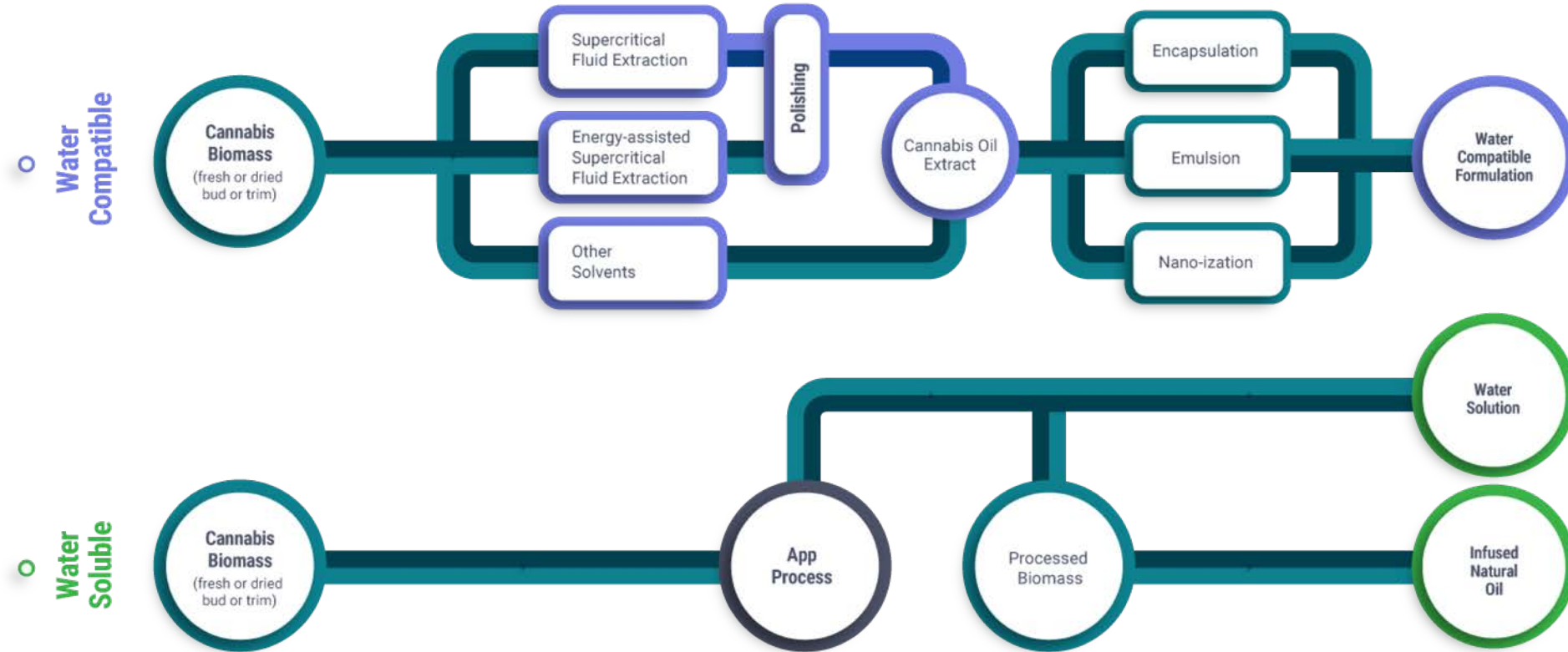
Source: Aphria Inc.



Infuz2O has effects that mimic those of inhaled cannabis

(1) Based on 100+ user feedback

NATURALLY WATER SOLUBLE VS. WHAT'S IN THE MARKET TODAY



APP gently recovers naturally water soluble cannabis extract directly without the need for formulation techniques such as emulsification or encapsulation

SELECT CANNABIS BEVERAGES IN THE U.S. MARKET



Product Name	Legal	Cannabis Quencher	Dixie Elixirs	Ripple (Stillwater Brands)	Lagunitas Hi-Fi Hops	Infuz ₂ 0
Onset Time	45 minutes	30-60 minutes	30 - 120 minutes	20 minutes	30 minutes	5 minutes
Offset Time	4-6 hours	6 hours	4-6 hours	4 hours	4-6 hours	1.5 hours
Technology	Emulsified Oil Extract	Emulsified Oil Extract	Emulsified Oil Extract	Dehydrated & Emulsified Oil Extract	Emulsified Oil Extract	Naturally Water-Soluble Cannabinoids
Cannabis Ingredients	100mg THC	25mg THC	100mg THC	100mg THC	10mg THC	Flexible
ml per Bottle	326ml	473ml	250ml	N/A	355ml	Flexible
THC/CBD per ml	0.31mg	0.05mg	0.40mg	N/A	N/A	Flexible
Other Ingredients	Carbonated Water, Cherry Concentrate, Apple Juice Concentrate, Agave Nectar, Lemon Juice, Cherry Essence, Coconut Oil, Cherry Extract, Quilaja Extract, Potassium Sorbate	Purified Water, Organic Erythritol, Organic and Natural Flavor, Organic Black Raspberry Juice Concentrate, Citric Acid, Cannabis Extract, Acacia Gum, Sodium Benzoate, Stevia, Potassium Sorbate	Carbonated Water, Pure Cane Sugar, Natural Flavors, Citric Acid, Gum Arabic, Guar Gum, Natural Red Color, THC Oil, Potassium Sorbate, Quilaja Extract	Dissolvable cannabinoid powder (THC distillate, sorbitol, coconut oil)	Carbonated Water, Dried Hops, Food-Grade Lactic Acid, Liquid Stevia Leaf Extract, Nutritional Brewers Yeast, Olive Oil, Natural Flavours	Flexible
Price (USD)	\$36.00	\$16.00	\$22.95	\$33.00	\$11.00	TBD
Price per mg Serving	\$0.36	\$0.64	\$0.23	\$0.33	\$1.10	TBD

SPROUTLY'S DERIVATIVE PRODUCT STRATEGY

Ready for Market Products*

2nd Phase Products*

Oil-Based (BNO)



Oils (Edible)



Capsules



Sublingual Sprays



Edibles



Oil-based Health Products



Oil-Based Beverages



Topicals

Infuz₂O



Infuz₂O Capsules



Infuz₂O Beverages



Functional Beverages



Non-alcoholic Beer with Infuz₂O



Infuz₂O Concentrates



Infuz₂O & Oil Blends



Liquor Look-alikes with Infuz₂O

*Pending Health Canada Approvals



ACMPR PRODUCTION FACILITY



16,600 sq. ft.
Production Facility

STRATEGY

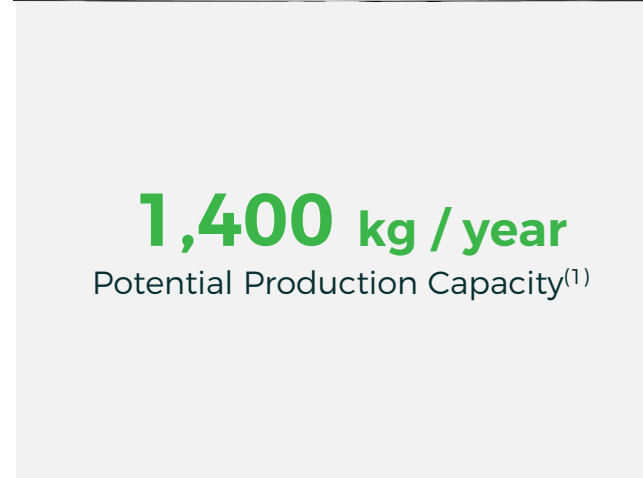
- Produce premium quality cannabis for the medical market
- Located within a 14 minute drive from downtown Toronto (approx. 8 km) to allow for same-day delivery

REQUIREMENTS

- Closed-loop production with pharmaceutical-grade grow rooms
- State-of-the-art HVAC, lighting, watering and control systems
- In-House, ready-built, state-of-the-art testing lab will ensure superior, contaminant-free product
- Proposed site for Infusion Biosciences APP Technology pending extraction license approval by Health Canada

OBJECTIVES

- 1,400 kilograms of annual production of dried flower
- 1 gram per watt production



1,400 kg / year
Potential Production Capacity⁽¹⁾

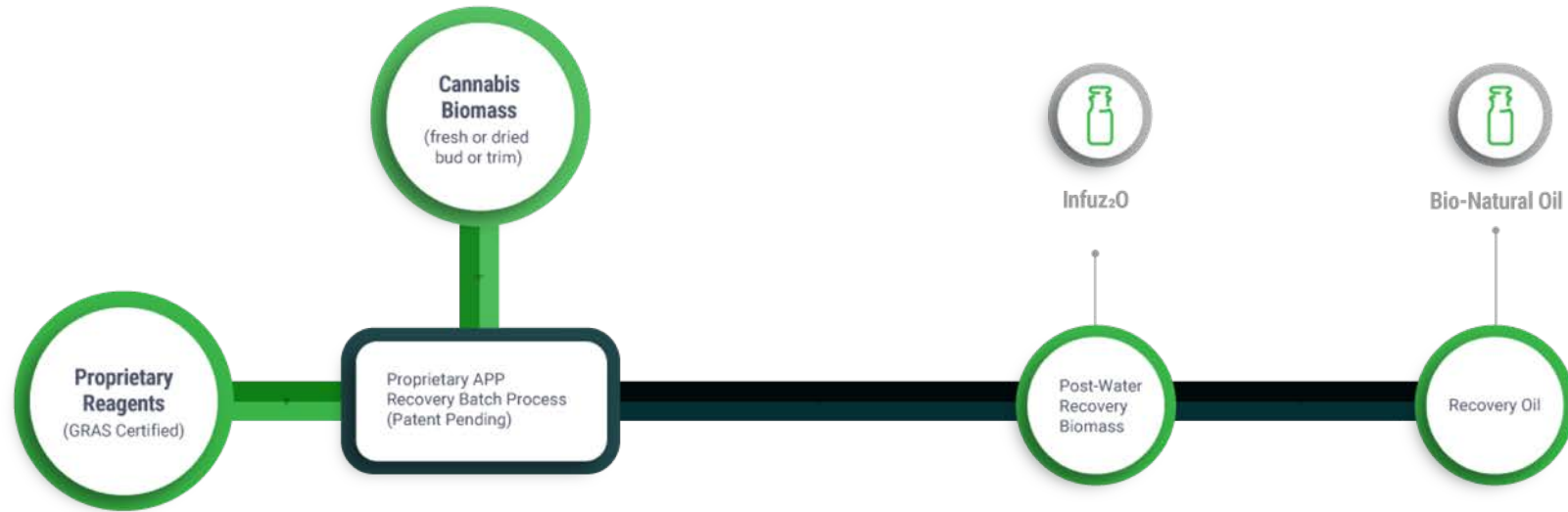


\$32 million
Level 9 Vault Capacity



(1) 1,000 g per grow light times five cycles per year

PROPRIETARY APP TECHNOLOGY



A patent pending process that uses proprietary reagents formulated for different plant materials – all reagents are not only classified GRAS but also are common ingredients in our diet

- No artificial chemicals (organic solvents, liquefied gas)
- No harsh physical treatments (heat, sonic, microwave)

A 2 step “soak and strain” method

- Step 1: Soak in proprietary water reagents; strain/filter to recover naturally water soluble entourage
- Step 2: Soak plant material strained from step 1 in proprietary natural oil reagents; strain/filter to recover free oil entourage

**APP yields two truly unique cannabis extract products
including the world’s only naturally water-soluble cannabis liquid**

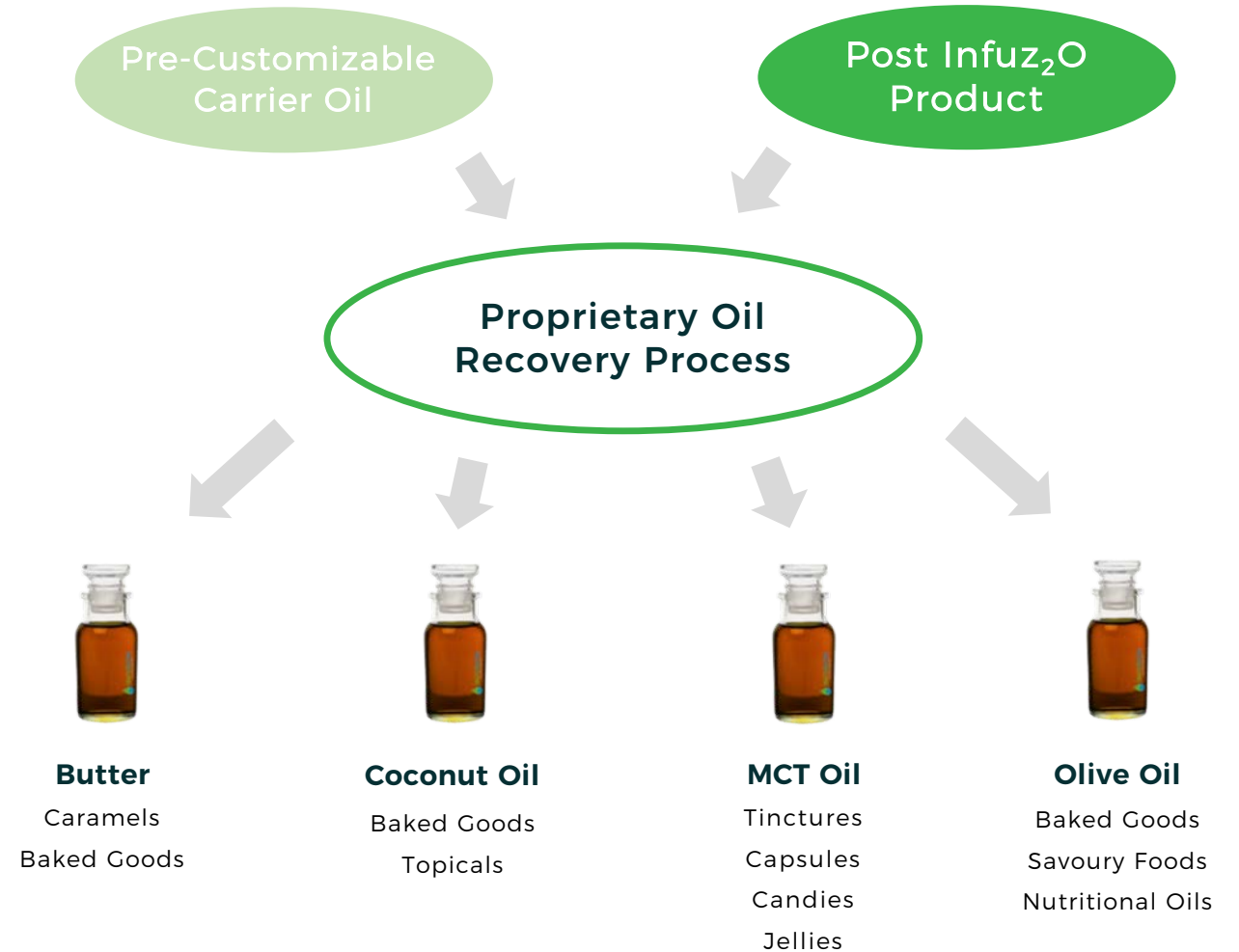
BIO-NATURAL OIL: PLANT-TO-PRODUCT TECHNOLOGY

Characteristics

- Onset as early as 25 minutes, offset of 4+ hours like all other oils
- Retains strain specific nuances and whole plant experience
- Recovered directly in pre-customized carrier oil and ready for consumption as a cannabis oil or processed further
- May be fractionated by routine distillation methods into separate molecular subpopulations (cannabinoids, terpenes, other oils)
- May be used in all products that are now made using oils produced by other processes (such as solvent extractions or supercritical fluid extraction followed by polishing)

Benefits

- Homogeneously dissolved in natural oil already in human use (GRAS)
 - Customized for desired use by client
 - Can be sold as is as cannabis oil in Canada
 - Predictable onset and offset time
- May be formulated into:
 - Water-based products using off-the-shelf technology
 - Edibles
 - Topicals



ILLUSTRATIVE PRODUCTION MODEL - THR



Sproutly's business model is focused on processing which is not constrained to growing its own cannabis
Scalable via sourcing cannabis on the open market

(1) Estimates based on 20% and 10% THC content of Flower and Trim respectively
 (2) Estimates based on 15% and 7.5% THC content of Flower and Trim respectively
 (3) total doses will vary based on cannabinoid content of starting material and other factors

ILLUSTRATIVE VALUE-CREATION: FLOWER vs APP

Flower vs APP Finished Product Revenue to Wholesaler			
	Flower	APP Finished Product	
		Low	High
Biomass	1 g	1 g	1 g
Bioactive Content (THC)	20%	20%	20%
Total THC (mg)	200 mg	200 mg	200 mg
Total Recovery Rate	n/a	90%	90%
Total THC Recovered	n/a	180 mg	180 mg
Price per THC mg (blended)	n/a	\$0.10	\$0.15
Estimated Wholesale Revenue per gram	\$5.00	\$18.00	\$27.00

APP Technology is able to increase the selling price per gram equivalent by 2.6x - 4.4x compared to flower

FAVOURABLE ENVIRONMENT TO SOURCE BIOMASS

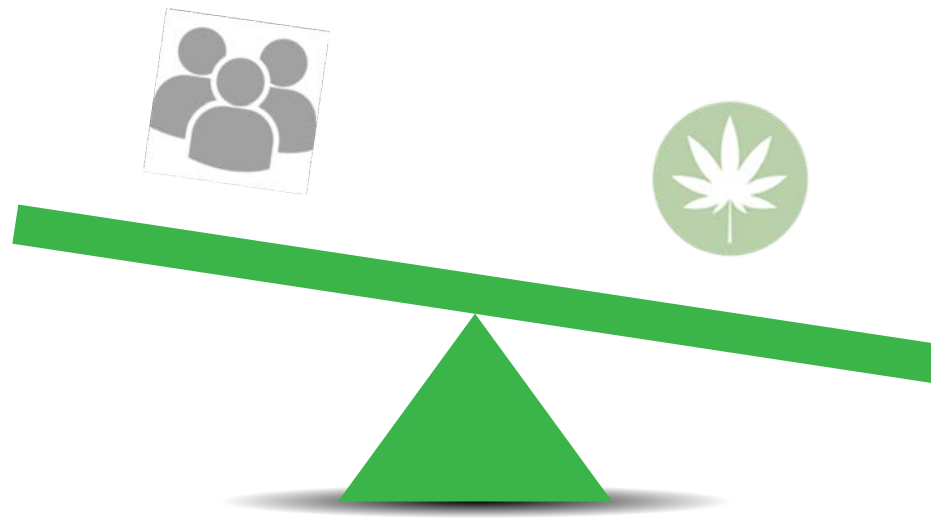
Funded Oversupply of Cannabis in Canada

Long-Term Canadian Demand

~1,000,000 kg

Top 6 Canadian LPs¹ Current Funded Capacity

1,360,000 kg



Washington State - Prices Since Legalization

TheStreet

Cannabis Oversupply in Washington State Drives Prices to Threatening Lows

By Kinsey Grant Updated Jan 17, 2018 10:06 AM EST

Retail - Price per Gram

\$25.00

-82%

\$4.50

July 2014 - Date of Legalization

April 2018

Wholesale - Price per Pound

\$3,000

-73%

\$800

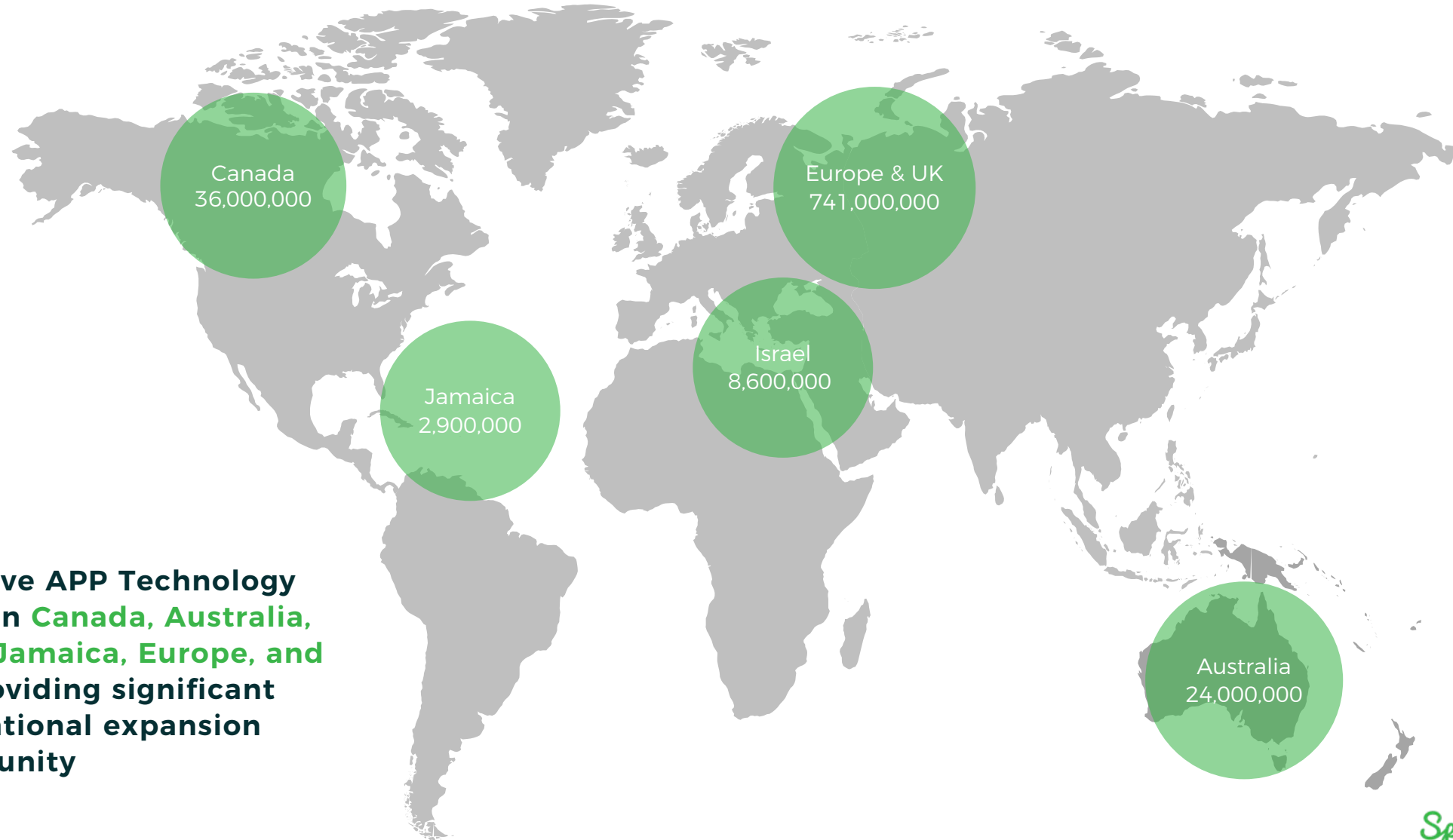
July 2014 - Date of Legalization

April 2018

The funded oversupply of cannabis in the Canadian markets is expected to drive wholesale prices lower in the long-term as seen in the case of Washington State. Lower-cost wholesale cannabis will increase Sproutly's margins on APP Technology

INTERNATIONAL EXPANSION

Total Accessible Population : **812,500,000**



Exclusive APP Technology rights in **Canada, Australia, Israel, Jamaica, Europe, and UK, providing significant international expansion opportunity**

MANAGEMENT TEAM

KEITH DOLO

Chief Executive Officer, Director

Recently served for over 13 years with Robert Half, an S&P 500, NYSE listed company. Mr. Dolo held the role of Vice President for over 8 years at Robert Half, and held other senior roles in both operations and sales for the years prior. He also sits on an advisory committee and a board position for two non-profits in Vancouver, BC.

BRYAN SEMKULEY

President

A seasoned executive with over 30+ years leading global innovation and marketing teams for Fortune 200 companies including Kimberly-Clark (NYSE:KMB), Anheuser-Busch InBev (NYSE:BUD), and Labatt. Mr. Semkuley is the co-author of two business model patents, a recipient of the Top 50 Marketers of the Year award from Advertising Age, and recognized as a Top 40 under 40.

CRAIG LOVEROCK

Chief Financial Officer

Mr. Loverock is a Chartered Professional Accountant with over 20 years' experience in accounting and finance roles in Canada, the USA, and UK. He brings with him public company reporting and transactional experience having served as the Senior Financial Advisor to the Chairman at Magna International, and acting as Chief Compliance Officer and CFO for a private equity firm.

MELISE PANETTA

Vice President Marketing & Sales

Melise worked at General Mills, PepsiCo and most recently SC Johnson where she held an executive position as the Head of Marketing & Customer Marketing for Canada, as well as Director of Sales. Melise earned her Honors Bachelor of Science degree from the University of Western Ontario and her Masters of Business Administration degree from York University and has earned a number of Best New Product Awards as well as Strategy Magazine's Shopper Innovation award.

DR. ARUP SEN

Chief Science Officer, Director

Dr. Sen has 35+ years of experience in research and executive management positions at biotechnology and pharmaceutical companies. He was awarded a Ph.D. in biochemistry from Princeton University and is a former faculty member at the National Cancer Institute and Scripps Research Institute. Dr. Sen is the inventor on five US patents and numerous international patents and patent pending applications.

PAUL MARCELLINO

Director of Business Development

Mr. Marcellino holds a degree in Chemistry and has served as CEO of an award-winning nutraceutical company focused on innovative cultivation, extraction and product development. Mr. Marcellino brings the ability to not only see opportunity, but also provide strategic operations leadership and networking internationally through research, planning, and execution.

BOARD OF DIRECTORS

MICHAEL BELLAS Director

Michael Bellas is founder, Chairman and CEO of Beverage Marketing Corp, the leading consulting, research and advisory services firm dedicated to the global beverage industry. With over 45 years of industry experience, Mr. Bellas has led numerous client engagements involving new growth initiatives, market entry planning, brand development/revitalization, domestic & international marketplace assessments, and sales/distribution strategy development. He has extensive international experience having executed numerous assignments in Latin America, Europe and Asia. Mr. Bellas is a graduate of Yale University, holds the Juris Doctor degree from the University of Michigan and an MBA from Columbia University, where he was a McKinsey Scholar.

KEITH DOLO Chief Executive Officer, Director

GREGG ORR Director

Mr. Orr is a Chartered Professional Accountant with extensive experience assisting companies in the public market place with initial public offerings, dual listings, due diligence assignments and completion of prospectus offerings. Gregg was the British Columbia Mining Leader for Deloitte for six years and worked for Deloitte, in Vancouver, New York and London, for over 23 years serving clients in public accounting, auditing and advisory. Mr. Orr was an Audit Partner for 10 years. He has extensive M&A, financing and systems integration experience. Gregg earned his Bachelor of Science (BSc) degree from the University of Leicester. He is currently CFO of Maple Gold Mines Ltd and DLTa21 Blockchain Corp.

DR. ARUP SEN Chief Science Officer, Director

JUSTIN KATES Director

Justin is a partner of DuMoulin Black, practicing primarily in the areas of securities, corporate finance, mergers and acquisitions, and corporate and commercial law. Mr. Kates is also a member of the TSX Venture Exchange's Local Advisory Committee, the Securities Law, and Business Law sections of the Canadian Bar Association, and the Finance Committee of the charitable organization Athletics 4 Kids. He received his J.D. from the University of Western Ontario in 2008 and his Bachelor of Business Administration from Western Michigan University in 2004. He was called to the bar in British Columbia in 2009.

ADVISORY BOARD

CONSTANTINE CONSTANDIS

Advisor

Mr. Constandis is a global C-level executive with over 34 years of experience in the wine and spirits industry in Canada, USA, Europe and Asia. Mr. Constandis was a former senior executive with Pernod Ricard SA (RI:EN Paris), the €37B publicly traded producer of wine and spirits whose global portfolio includes leading brands such as Absolute Vodka, Jameson, The Glenlivet, and Beefeater, among others; most recently serving as President of Pernod Ricard China and Pernod Ricard Asia Travel Retail. Prior to Pernod Ricard, Mr. Constandis was the CEO of Corby Spirit and Wine Ltd (TSX: CSW.A, CSW.B) the TSX listed alcohol manufacturing and distribution company whose portfolio includes some of the most renowned brands in Canada, including J.P. Wiser's Canadian whiskies, Lamb's rum, Polar Ice vodka and McGuinness liqueurs. Mr. Constandis also previously held senior roles at Seagram Company Ltd., including CFO, Europe & Africa. Mr. Constandis holds a Bachelor of Commerce from Concordia University and is a Qualified Chartered Accountant.

SHARE CAPITALIZATION TABLE

(millions)	Sproutly	% FD
Management and Insiders	99.6	36.8%
Investors	61.5	22.7%
Shares Issued – Equity Special Warrants	15.4	5.7%
Basic Shares Outstanding	176.5	65.2%
Equity Earn Out and Contingent Consideration	36.9	13.6%
Options	13.2	4.9%
Warrants	14.7	5.4%
Shares Issued – CD Special Warrants (As converted basis) ^{1,3}	14.3	5.3%
Warrants – Equity Special Warrants ^{2,3}	7.7	2.8%
Warrants – CD Special Warrants ^{2,3}	7.2	2.7%
Fully Diluted Shares Outstanding	270.5	100%

1. Conversion at \$0.75 per share

2. Exercise price of \$0.90

3. Assuming redemption of Equity Special Warrants and CD Special Warrants



CONTACT US

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