

goodfood

ANNUAL INFORMATION FORM

For the fiscal year ended
August 31, 2017

November 28, 2017

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EXPLANATORY NOTES

General Matters

This Annual Information Form is dated November 28, 2017, which is the date it was approved by the Company's Board of Directors, and, unless specifically stated otherwise, all information disclosed in this form is provided as at August 31, 2017, the end of Goodfood's most recently completed fiscal year. Unless otherwise noted or the context otherwise indicates, "we", "us" "Goodfood" and the "Company" refers to Goodfood Market Corp. and its predecessors. All references herein to "\$" or "dollars" are to Canadian dollars, unless indicated otherwise. Certain capitalized terms used herein are defined in the "Glossary of Terms".

Forward-Looking Information

This Annual Information Form contains "forward-looking information" within the meaning of applicable Canadian securities legislation. Such forward-looking information includes, but is not limited to, information with respect to our objectives and the strategies to achieve these objectives, as well as information with respect to our beliefs, plans, expectations, anticipations, estimates and intentions. This forward-looking information is identified by the use of terms and phrases such as "may", "would", "should", "could", "expect", "intend", "estimate", "anticipate", "plan", "foresee", "believe", or "continue", the negative of these terms and similar terminology, including references to assumptions, although not all forward-looking information contains these terms and phrases. Forward-looking information is provided for the purposes of assisting the reader in understanding the Company and its business, operations, prospects and risks at a point in time in the context of historical and possible future developments and therefore the reader is cautioned that such information may not be appropriate for other purposes.

Forward-looking information is based upon a number of assumptions and is subject to a number of risks and uncertainties, many of which are beyond our control, which could cause actual results to differ materially from those that are disclosed in or implied by such forward-looking information. These risks and uncertainties include, but are not limited to, the following risk factors, which are discussed in greater detail under "Risk Factors": limited operating history, negative operating cash flow, food industry, quality control and health concerns, public safety issues, damage to Goodfood's reputation, transportation disruptions, product liability, ownership and protection of intellectual property, evolving industry, reliance on a single facility, regulatory compliance, reliance on management, factors which may prevent realization of growth targets, competition, availability and quality of raw materials, limited number of products, environmental and employee health and safety regulations, online security breaches and disruption, future capital requirements, operating risk and insurance coverage, management of growth, conflicts of interest, litigation, and catastrophic events.

Although the forward-looking information contained herein is based upon what we believe are reasonable assumptions, investors are cautioned against placing undue reliance on this information since actual results may vary from the forward-looking information. Certain assumptions were made in preparing the forward-looking information concerning availability of capital resources, business performance, market conditions, and customer demand.

Consequently, all of the forward-looking information contained herein is qualified by the foregoing cautionary statements, and there can be no guarantee that the results or developments that we anticipate will be realized or, even if substantially realized, that they will have the expected consequences or effects on our business, financial condition or results of operation. Unless otherwise noted or the context otherwise indicates, the forward-looking information contained herein is provided as of the date

hereof, and we do not undertake to update or amend such forward-looking information whether as a result of new information, future events or otherwise, except as may be required by applicable law.

IFRS and Non-IFRS Measures

Our consolidated financial statements, available on SEDAR at www.sedar.com, have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

This Annual Information Form and our most recent Management Discussion and Analysis, available on SEDAR at www.sedar.com, make reference to certain non-IFRS measures. These non-IFRS measures are not recognized measures under IFRS, do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as additional information to complement IFRS measures by providing further understanding of our results of operations from management’s perspective. Accordingly, they should not be considered in isolation nor as a substitute for analysis of our financial information reported under IFRS.

We use non-IFRS measures including Active Subscribers, Gross Merchandise Sales, Adjusted Gross Profit, Adjusted Gross Margin, EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Net Loss and Adjusted Loss Per Share to provide investors with supplemental measures of our operating performance and thus highlight trends in our core business that may not otherwise be apparent when relying solely on IFRS financial measures. We also believe that securities analysts, investors and other interested parties frequently use non-IFRS measures in the evaluation of issuers. Management also uses non-IFRS measures in order to facilitate operating performance comparisons from period to period, and assess our ability to meet our future debt service, capital expenditure and working capital requirements.

Please refer to our most recent Management Discussion and Analysis, available on SEDAR at www.sedar.com, for the definitions of Active Subscribers, Gross Merchandise Sales, Adjusted Gross Profit, Adjusted Gross Margin, EBITDA, Adjusted EBITDA, Adjusted EBITDA Margin, Adjusted Net Loss and Adjusted Loss Per Share presented by the Company and reconciliation, where applicable, to the most directly comparable IFRS measure.

Market and Industry Data

We have obtained the market and industry data presented herein from a combination of third-party sources and the estimates of management. Although we believe that these third-party sources and our management estimates are reliable, the accuracy and completeness of such data is not guaranteed and has not been verified by any independent sources. Market and industry data, including estimates and projections relating to size of market and market share, is inherently imprecise and cannot be verified due to limitations on the availability and reliability of data inputs, the voluntary nature of the data gathering process and other limitations inherent in any market research or other survey. Management’s estimates are based on internal research, its knowledge of the relevant market and industry and extrapolations from third-party sources. While we are not aware of any misstatements regarding the market and industry data presented herein, such data involves risks and uncertainties and is subject to change based on various factors, including those factors discussed under “Forward-Looking Information” and “Risk Factors”.

Trademarks

This Annual Information Form includes registered and unregistered trademarks such as Marché Goodfood which are protected under applicable intellectual property laws and are our property. All other trademarks used herein are the property of their respective owners.

CORPORATE STRUCTURE

Name, Address and Incorporation

Goodfood Market Corp. results from the amalgamation under the *Canada Business Corporations Act* (the “CBCA”) on September 1, 2017 of Goodfood Market Corp. (formerly Mira VII Acquisition Corp.) and Goodfood Market Inc (the resulting entity of the amalgamation between Goodfood Market Inc. and Mira VII Subco Inc.).

Our current head office is located at 515 Legget Drive, Suite 800, Ottawa, Ontario, Canada, K2K 3G4. Our registered and operational office is located at 4600 Hickmore Street, Saint-Laurent, Québec, Canada, H4T 1K2. We are currently in the process of changing our head office to this registered and operational office. At the upcoming annual meeting of the Company’s shareholders, management will seek shareholder approval in order to effect such change.

For additional information with respect to our history, we refer you to the “History of Goodfood” section under “OUR BUSINESS”.

Intercorporate Relationships

As at the date of this Annual Information Form, we do not have any subsidiaries or affiliates.

OUR BUSINESS

About Goodfood

Goodfood is a fast-growing meal subscription service company, delivering fresh ingredients that make it easy for subscribers to prepare delicious meals at home every week. Our objective is to take the hassle out of cooking, leaving subscribers with the fun part - cooking, sharing with family and eating. Subscribers select their favorite recipes from a variety of original dishes online. We prepare a personalized box of fresh ingredients and deliver it to the subscriber’s doorstep with easy step-by-step instructions. Headquartered in Saint-Laurent, Canada, we had approximately 31,000 Active Subscribers as of August 31, 2017.

Our current offering includes various different plans across 3 different types of offerings:

- Classic basket - Unique ingredients and recipes for a culinary adventure;
- Vegetarian basket - Well-balanced vegetarian meals with exciting flavors; and
- Family basket - Quicker and kid-friendly recipes

Subscribers have the ability to swap or skip recipes based on their taste preferences and personal schedules. Each basket is delivered once a week and contains all of the raw pre-portioned ingredients to cook 2 or 4 adult sized portions of food. Prices are inclusive of delivery and Goodfood currently serves customers across Quebec, Ontario, Nova Scotia, New Brunswick and Prince Edward Island.

History of Goodfood

In 2014, Neil Cuggy, Jonathan Ferrari and Raffi Krikorian launched Goodfood (formerly known as Culiniste) to increase Canada’s limited number of grocery delivery options and to reduce the amount of wasted produce in the Canadian food market. Goodfood Market Inc. (“GMI”) was then incorporated pursuant to the CBCA on September 2, 2014. The first several quarters of the business were focused on finding a product market fit with GMI’s target clientele.

In 2016, GMI launched a vegetarian plan and Canada's first family plan. These two new plans allowed GMI to expand its potential subscriber base and offer a wider menu selection to subscribers. In February 2016, GMI expanded its distribution facility in order to meet the growing demand. Concurrently, GMI, then known as "Culiniste", rebranded itself under the name Goodfood to better align with its values. The rebranding allowed GMI to reach a broader audience of potential subscribers.

Throughout 2016, GMI continued to improve the customer experience by focusing on packaging, delivery day options, and delivery times.

During Fiscal 2016, GMI was financed by a number small term loans, and by external financing through the issuance of preferred shares and convertible notes for an aggregate amount of approximately \$1,163,000. These funds allowed GMI to build its management team, invest in subscriber acquisition, and grow its marketing budget and subscriber base.

On March 31, 2017, GMI completed a private placement (the "**Private Placement**") of 10,542,883 subscription receipts (the "**Subscription Receipts**") at a price of \$2.00 per Subscription Receipt for aggregate gross proceeds of \$21,085,766 and net proceeds of \$19,553,259. Each Subscription Receipt was exchangeable for one common share of GMI, and ultimately entitled the holder thereof to one common share of the Resulting Issuer (as such term is defined below), upon completion of the Amalgamation (as such term is defined below).

On April 25, 2017, Mira VII Acquisition Corp. ("**Mira VII**"), together with its wholly-owned subsidiary Mira VII Subco Inc. ("**Subco**"), entered into an amalgamation agreement with GMI pursuant to which Subco would amalgamate with GMI (the "**Amalgamation**") to complete an arm's length qualifying transaction in accordance with the policies of the Toronto Stock Exchange (the "**TSX**") (the "**Qualifying Transaction**"). The Amalgamation was structured as a three-cornered amalgamation and as a result the amalgamated corporation ("**Amalco**") was to become a wholly-owned subsidiary of Mira VII at the time of the completion of the Amalgamation.

Immediately prior to the completion of the Qualifying Transaction, Mira VII consolidated its common shares on the basis of one post-consolidation Mira VII common share for every 22.2222 Mira VII common share existing before such consolidation (the "**Consolidation**"). Similarly, immediately prior to the Amalgamation, GMI split its common shares on the basis of 24.8379775 shares for each share existing prior to such split (the "**Share Split**").

On June 1, 2017, each of the Consolidation, Share Split, and Amalgamation were completed (such operations collectively referred to as the reverse take-over or "**RTO**") and, as a final step, Mira VII changed its name to Goodfood Market Corp. (the "**Resulting Issuer**").

In connection with the Amalgamation, all outstanding convertible notes were converted in accordance with their contractual provisions into 2,645,718 common shares of Amalco (from which 1,319,717 common shares were issued to a company controlled by a Board member).

In connection with the Amalgamation, the holders of the GMI common shares (including those investors in the Private Placement following the exchange of the Subscription Receipts for common shares of GMI) received one common share of the Resulting Issuer in exchange for each outstanding common share of GMI. Following the share exchange, there were 47,690,185 issued and outstanding common shares of the Resulting Issuer.

In connection with the RTO, GMI accelerated the vesting of a portion of its outstanding stock options, and replaced its stock option plan. All outstanding stock options in GMI were exchanged on a post-Share Split basis for stock options of the Resulting Issuer with similar terms, except for a reduced vesting period.

Following the closing of its RTO, the Company began trading on the TSX under the symbol “FOOD” on June 7, 2017.

On June 21, 2017, the Company signed a five-year lease with a five-year renewal option for an 83,000 square foot distribution facility located in Saint-Laurent, Québec, Canada. The facility replaces the Company’s previous 16,000 square foot primary distribution facility also located in Saint-Laurent, Québec, Canada, such lease having expired on October 31, 2017. In addition, the Company secured a right of first refusal for an additional 72,000 square feet at a location directly adjacent to the new facility. In September 2017, production and distribution operations were transferred to the new facility.

On August 31, 2017, the Resulting Issuer, formerly governed by the *Business Corporations Act* (Ontario) (the “OBCA”), completed its continuance under the CBCA. On September 1, 2017 and following the continuance, the Resulting Issuer amalgamated with Amalco, its operating subsidiary, to form the Company.

On September 13, 2017, the Company announced that its Active Subscriber base reached 31,000 at the end of the fourth quarter ending August 31, 2017, representing an increase of 8,000 Active Subscribers (or 35%) over the May 31, 2017 quarter end, and an increase of 840% over the August 31, 2016 quarter end. The Company secured a commitment from a Canadian chartered bank to provide a five-year term loan of \$2,500,000, a \$500,000 revolving line of credit and \$300,000 in other short-term financing. In October 2017, the term loan was disbursed. The proceeds of the term loan were used to refinance the Company’s long-term debt, finance capital expenditures and for general corporate purposes.

In October 2017, the Company expanded its weekly menu and provided its clients with the ability to select individual recipes four weeks in advances instead of one week.

In November 2017, the Company signed a seven-year lease for a production and distribution facility located in Western Canada. The new facility is intended to provide the Company with a footprint to serve customers located in Western Canada. Management intends to begin serving customers out of its Western Canada facility during Fiscal 2018.

Industry Overview

Meal-Kit Industry

The meal-kit industry is a fast-growing sector of the \$145 billion Canadian grocery industry. The meal-kit subscription service is a relatively recent innovation that has become a fast growing industry. The meal-kit concept has its roots in Stockholm, Sweden when, in 2007, Kicki Theander launched Middagsfrid, a service that brought bags of groceries to people’s doors and it was an instant hit. Theander’s brand quickly spread to Denmark, Germany, Belgium, and Switzerland, and spawned a range of competing companies. Many different meal-kit companies now operate in Sweden, and the country’s population is under 10 million people.

Today, the meal-kit market is growing quickly in the U.S., after first gaining popularity in Europe, with the global market exceeding US\$ 3 billion in 2016 (US\$ 1 billion in 2015) and the U.S. market alone surpassing US\$ 1.5 billion in 2016 according to management and third party estimates. Considering the size of the end market, penetration rates do not have to be that high for meaningful dollars to shift to the meal-kit delivery market, and low-single-digit market penetration could produce meaningful food sales.

The Canadian grocery market is estimated at \$145 billion and there is a nascent online segment lagging the global average. The Canadian online grocery market is expected to grow to \$3.6 billion by 2019 according to research reports made available to management. The Canadian meal-kit industry also

lags behind the global market by anywhere from 2 to 7 years. Management estimates that there are 1.5 million meal-kit subscribers to be converted in Canada within 5 years. These numbers triangulate with more mature meal-kit markets around the globe. From our Saint-Laurent facility, we have the ability to deliver to approximately 24 million Canadian subscribers in Quebec, Ontario, Nova Scotia, New Brunswick and Prince Edward Island through our distribution network. We anticipate that our new Western Canada facility will help reach the 11 million Canadians that cannot currently be serviced from our Saint-Laurent facility, representing an estimated increase of approximately 46% of our addressable market.

Our Competitive Strengths

In our view the following competitive strengths will contribute to our ongoing commercial success and future performance:

Quality Local Ingredients

All of the ingredients received by customers are sourced mainly from farms across Canada and, if such sourcing is not possible due to seasonal availability or lack of availability from our local purveyors, we ensure that the customer receives ingredients with best quality/price ratio available on the market. As a result, the ingredients received by the customer are almost always at their freshest. We pride ourselves in delivering local ingredients to our customers. In addition, when selecting our products, we prioritize ingredients without additives or preservatives. We also ensure that, whenever possible, our meat and our fish come from eco-responsible sources.

Brand Recognition

We understand the emotional attachment our customers have to home-cooked meals, and their desire to cook with friends and family. Many of our customers share their cooking experiences with their loved ones several times each week. As a result, management believes that Goodfood has developed an important emotional connection with its customers, and that its customers associate the Goodfood brand with family-friendly values. Many of our customers have shared their culinary successes through social media, which has contributed to the optimization and the prevalence of the Goodfood brand.

Proprietary Technology

We distinguish ourselves from our competition through our proprietary technology. We have developed and operate an innovative online platform allowing consumers to select their favourite recipes from a collection of original dishes and have the personalized ingredients delivered directly to their door with easy step-by-step instructions. We have created a custom-built order management system that allows the business to react quickly to changing customer demands and short inventory cycles. We have also developed proprietary software algorithms that assign customers specific recipes based on past orders and taste preferences, allowing our customers to “set it and forget it” with confidence that the technology will choose and deliver recipes that they will enjoy.

We also use software algorithms to automatically route orders to the appropriate carriers. Our proprietary technology platform allows us to accept orders and fulfil such orders through our suppliers with a small time lag. As a result, we deliver fresher food faster and more efficiently to our customers.

Economies of Scale

We are conscious of the benefits related to scaling and adapting our supply chain, operations, production, and expenses, in order to respond effectively to customer demand, shifting market trends, and

seasonality. As we continue to scale our business, grow our direct supplier relationships, and introduce increased automation into our distribution facility, we expect to reduce our cost of goods sold, including costs related to procurement of food, packaging, and delivery of products. We expect such expenses to continue decreasing over time as we carry on scaling our business.

Entrepreneurial Culture

Our corporate culture attracts top-level talent, including professionals specialized in sourcing quality ingredients, creating stimulating and innovative recipes, and building a functional direct-to-consumer Internet platform. Our team is composed of fast-moving, entrepreneurial individuals, sharing the desire to provide our customers with inventive meal ideas and ingredients. Our business model and company culture encourage our employees to share their ideas and collaborate with members in different teams, be they recipe writers with chefs, or sourcing managers with software engineers.

Innovative Recipes

Our innovative staff of recipe writers dedicate themselves to doing research on food and dining trends, popular ingredients, and impressive yet user-friendly cooking techniques. Our recipe team prides itself in proposing fresh and innovative ingredient combinations, which aim to elevate our average customer's home cooking to a restaurant-quality experience. As a result of our efforts in collecting feedback from our customers on a weekly basis, we are able to effectively gauge the inventiveness and overall appreciation of our recipes. Our recipe creation process enables us to consistently deliver the variety of ingredients and dishes that our customers expect and deserve.

Products Overview

Overview of Our Products

Our current offering includes various different plans across 3 different types of offerings:

- Classic basket - Unique ingredients and recipes for a culinary adventure;
- Vegetarian basket - Well-balanced vegetarian meals with exciting flavors; and
- Family basket - Quicker and kid-friendly recipes.

Subscribers have the ability to swap or skip recipes based on their taste preferences and personal schedules. Each basket is delivered once a week and contains all of the raw pre-portioned ingredients to cook 2 or 4 adult sized portions of food. Prices are inclusive of delivery and Goodfood currently serves customers across Quebec, Ontario, Nova Scotia, New Brunswick and Prince Edward Island.

Every week our internal test kitchen team designs new recipes to post on our website (www.makegoodfood.ca), and since October 2017, customers have access to future recipes four weeks in advance. Each menu is comprised of a combination of original recipes that contain an animal protein, vegetarian recipes and family recipes. Recipes are designed based on seasonal ingredients. Once the recipe is designed, the team creates a step by step recipe card with the appropriate photos to be distributed with each basket sold.

Distribution Channels

Subscribers pay by credit card in advance of delivery and have between 5-7 days prior to receiving their delivery to change their menu selection. Once the orders are locked in, the sourcing team places orders with suppliers for delivery on a "just in time" basis creating negative working capital in the

cash flow cycle. The production and receiving teams accept delivery of ingredients and prepare and portion the orders for shipment. We do not transform any animal protein (beef, pork, chicken, fish, shellfish, etc.). We choose our suppliers based on certification level, quality of product, lead time per order, price and supplier reputation. We maintain several backups for the majority of goods that are used on a monthly basis. Depending on the goods required for each menu, our supplier base is a combination of local purveyors and farms from around the world depending on the seasonality of the ingredients. Credit terms with suppliers vary from cash on delivery to over 30 days.

Once all the portioning and recipe assembly is done, the production team selects and packs orders based on the subscriber's recipe selection. Our ingredients are up to 7 days fresher than those sold in supermarkets because they are packaged for delivery right after their reception at our distribution facility. We engage a primary third party carrier to deliver food baskets to subscribers in each region, and several alternative carriers in order to reduce dependence on a single service provider. We do not own any delivery trucks and do not employ any delivery drivers.

We also use software algorithms to automatically route orders to the appropriate carriers. Our proprietary technology platform allows us to accept orders and fulfil such orders through our suppliers with a very small time lag. As a result, we deliver fresher food faster and more efficiently to our customers.

Subscribers are usually not home to receive their deliveries. As such, we use a special liner that allows the food to stay refrigerated for up to 60 hours, and include the appropriate amount of ice packs.

We rely heavily on word of mouth to grow our client footprint. Our customers are encouraged to share their experience concerning quality of ingredients, appreciation of recipes and overall satisfaction via their own networks, and we have instituted referral programs and incentives for doing so. In addition, we rely on third party providers to assist with targeted online marketing efforts. We have also employed more traditional marketing methods, such as radio and television.

Technology and Product Development

We are constantly improving both our customer-facing and operational technologies to achieve better customer value and per order profitability. We are also investing in automation with regards to our production capabilities, in order to meet increasing customer demand.

We actively track website conversion rates in order to improve our user interface and increase subscriptions. As such, we continuously strive to better understand the positive and negative aspects of our users' experiences with our proprietary interface and members area.

Components and Economic Dependence

All of our ingredients are sourced mainly from farms across Canada, if local sourcing is not possible due to seasonal availability or lack of availability. We ensure that our customers receive ingredients with best quality to price ratio available on the market. Up to 85% of the contents in each box delivered to customers are either Canadian products or packaged in Canada depending on the season. In addition, when selecting our raw materials, we prioritize ingredients without additives or preservatives. We also ensure that our meat and our fish come from eco-responsible sources whenever possible. We actively focus on selection of ingredients and adjustment to our recipes to account for seasonality, which limit our dependence on any one supplier of raw materials.

We engage one primary supplier for each category of packaging materials required to manufacture our products, including bottles, insulation, and boxes. We also use several secondary

suppliers for the procurement of each category of packaging materials, in order to reduce dependence on a single service provider.

Intellectual Property

Our ability to protect our intellectual property is an important aspect of our business, and is key in ensuring the continued growth of our subscription base. We have developed and operate an innovative online platform allowing consumers to select their favourite recipes from a collection of original dishes and have the personalized ingredients delivered directly to their door with easy step-by-step instructions.

Our service is exclusively offered online through our proprietary technology platform. We have created a custom-built order management system that allows the business to react quickly to changing customer demands and short inventory cycles. We have also developed proprietary software algorithms that assign customers specific recipes based on past orders and taste preferences, allowing our customers to “set it and forget it” with confidence that the technology will choose and deliver recipes that they will enjoy.

We also use software algorithms to automatically route orders to the appropriate carriers. Our proprietary technology platform allows us to accept orders and fulfil such orders through our suppliers with a very small time lag. As a result, we deliver fresher food faster and more efficiently to our customers.

Our software includes software components licensed from third parties, including open source software. We believe that we follow industry best practices for using open source software and that replacements for this third party licensed software are available either as open source software or on commercially reasonable terms.

The technologies described above are at the core of our customer experience and are viewed as key to our current and future success and financial viability. To establish and protect our intellectual property in Canada, we rely on a combination of branding, trademarks, copyrights, trade secret laws, and contractual restrictions. We have established and continue to build proprietary positions in all key aspects of our business, including through the registration of domain names and trademarks in Canada. The source code for our software is protected under Canadian and applicable international copyright laws. We currently have no issued patents or pending patent applications. In the future, we may file patent applications, but patents might not be issued with respect to these patent applications, or if patents are issued, they might not provide us with any competitive advantages, might not be issued in a manner that gives us the protection that we seek and might be successfully challenged by third parties.

Branding and Trademarks

We seek to create strong brands for our services and promote our services through trademarks that distinguish them in the market. As of August 31, 2017, we are the registered owner of the “MARCHÉ GOODFOOD” trademark in Canada. We will continue to increase consumer awareness and traction around the Goodfood brand, in order to drive customer loyalty and sales. We strive to develop and foster a personal connection with the community and position Goodfood as a premium brand.

Contractual Restrictions

We seek to avoid disclosure of our intellectual property and proprietary information by requiring employees and partners to execute non-disclosure and assignment of intellectual property agreements. Such agreements require our employees and partners to assign to us all intellectual property developed in

the course of their employment or engagement. We also utilize non-disclosure agreements to govern interaction with new and prospective business partners where disclosure of information may be necessary.

The enforcement of our intellectual property rights depends on any legal actions against any infringers being successful, but these actions may not be successful or may be prohibitively expensive, even when our rights have been infringed.

Facilities

On June 21, 2017, we signed a five-year lease with a five-year renewal option for an 83,000 square foot distribution facility located in Saint-Laurent, Québec, Canada. The facility is replacing our current 16,000 square foot primary distribution facility also located in Saint-Laurent, Québec, Canada, such lease having expired on October 31, 2017. In addition, we secured a right of first refusal for an additional 72,000 square feet at a location directly adjacent to the new facility. In September 2017, production and distribution operations were transferred to the new facility.

Our distribution facility is strategically located close to Montreal's main food terminals and logistics providers. This allows us to receive high quality products quickly. Our distribution facility is registered with the appropriate regulatory bodies and the lease on the current distribution facility is for an initial term ending on August 31, 2022. The current distribution facility houses all office and production employees. The facilities and equipment required to manage production include (i) walk-in fridges to store, receive and transform products, (ii) a test kitchen, (iii) blast freezers, (iv) storage freezers, (v) food grade production area, and (vi) shipping and receiving docks.

Employees

As of August 31, 2017, we had over 300 employees. Our executive team has a background in the meal-kit industry which represents a competitive asset from a sales, operations and market positioning perspective.

Historically, we have had the ability to attract and retain top talent due to our employer branding and talent management strategy. Our corporate culture is defined as customer-focused and entrepreneurial. Employees are encouraged to "do more with less", and focus on innovations that add to the customer experience. Over the past few years, we have established multiple performance-driven human resources programs, human resources policies and benefits, in an effort to maximize employees' engagement, succeed collectively and meet our strategic goals.

We remain close to our employees' needs and satisfaction and make proper adjustments on an as-needed basis to remain competitive and maintain our workforce engagement at a high level. We foster a culture of open and honest communication to provide a positive work environment to our employees and to be perceived as an employer of choice. We have a history of good labour relations since the Company was founded.

None of our employees are represented by a labour union and there is no collective bargaining agreement in place. We are not aware of any unionization attempt by our employees. All of our executive officers and certain other key employees have signed non-competition and non-solicitation undertakings in favour of the Company.

Competition

The industry in which we operate is highly competitive. As a result, we face competition from an important number of players operating in varying market segments. Such competitors include: (a) other

meal-kit companies, (b) the supermarket industry and other food retailers, (c) restaurants, (d) food manufacturers and other consumer goods companies, and (e) food delivery businesses, including ready-made meal services and grocery delivery companies.

With respect to meal-kit companies, the Canadian industry currently has approximately a dozen companies most of which are small regional players with limited financing and small teams. Our main competitors are Toronto-based Chef's Plate (launched winter 2014), Miss Fresh (launched fall 2015), and Hello Fresh (launched winter 2016). We are one of the few Canadian meal-kit companies to be able to successfully expand our target market outside of young professionals. We are one of the more capital efficient meal-kit companies in Canada due to our strong management team and extensive track record of execution and growth. We aim to acquire new subscribers more cost effectively than our competitors and retain them longer due to our superior end to the scale of our business, our end experience, and our superior customer service. We believe that our focus on creating the best customer end to end experience, strategy to achieve industry brand dominance, commitment to high quality competitively priced meal-kits and dedicated management team will enable us to further our position as a market leader.

Although we believe in our competition strategy, we foresee competition increasing in the industry. Some of our potential competitors may have specific resources that we do not have, such as larger fulfillment and distribution infrastructures, greater technical, financial and marketing capabilities, and larger subscription bases. In addition, mergers between competitors across the meal-kit industry could result in a significant impact in the competitive landscape of our business. Such factors may allow other industry players to increase their revenue streams, improve on their customer acquisition targets, and be in a position to respond more effectively to changes in consumer demand than we may be.

Finally, existing players in the food and grocery industries have, and may continue to, branch out into the meal-kit segment, offering home delivery of groceries and ready-made meals. We believe that our general focus on customer experience through actually cooking dishes, as opposed to heating up pre-prepared meals, distinguishes us sufficiently from such potential competitors.

Seasonality and Cyclicity

We adjust our meals based on seasonality of available ingredients and, as such, our expenses do not fluctuate significantly from quarter to quarter. However, during periods with warmer weather our packaging costs are affected due to additional packaging requirements associated with maintaining food freshness and quality. During these periods we benefit from lower food costs due to increased availability.

During holiday and popular vacation periods, our revenues are lower, as a higher proportion of subscribers elect to skip their delivery. Further, the growth rate of subscribers is also negatively affected during these periods.

Adverse or unusual weather patterns may impact third party carriers' ability to deliver food baskets to subscribers. We do not own any delivery trucks and do not employ any delivery drivers.

Regulatory Matters and Industry Standards

We are subject to a wide variety of laws, regulations and orders across all jurisdictions in which we do business, including those laws involving product liability, labour and employment, food safety, intellectual property, privacy, environmental, consumer protection, and other matters.

Food Product Regulations

We and our suppliers must comply with applicable federal and provincial regulations relating to the manufacturing, handling, preparation, and labelling of food products. This includes regulation of the

handling and packaging of meat, poultry, fish and produce regulated by Health Canada, the Canadian Food Inspection Agency and applicable provincial regulatory authorities. We are also subject to pricing requirements with respect to certain products by applicable regulatory authorities or marketing boards.

The manufacturing, handling, preparation, distribution and labelling of food products is regulated in Canada through federal and provincial authorities. In 2018, significant portions of the regulations enacted under the *Safe Food for Canadians Act* will come into force in Canada. Most Canadian provincial and territorial jurisdictions impose their own regulatory regimes on the food industry. We continue to monitor for and support the cost of building, maintaining and testing compliance systems to ensure compliance with the regulatory environment.

Employment Regulations

We are subject to provincial labour and employment laws that govern our relationship with employees, including minimum wage requirements, overtime, working conditions, workplace health and safety standards, and payroll taxes.

Consumer Protection Regulations

We are subject to consumer protection legislation in each province in which we operate, including pricing requirements, prohibitions against false or misleading representations, and specific information to be included in customer orders and receipts.

Insurance

We carry various insurance policies to protect against certain risks of loss consistent with the exposures associated with the nature and scope of our operations. The most significant insurance policies that we carry are (i) a commercial general liability policy, (ii) an umbrella liability policy, (iii) a tenant's liability policy, and (iv) a commercial property policy for stock, equipment and tenant's improvements to our distribution facility. All policies are subject to certain deductibles, limits or sub-limits and policy terms and conditions customary for businesses of our size and industry.

Social Policies

Management is committed to the well-being of its community, especially in the context of access to food for all Canadians. As such, for every box purchased by a customer, we contribute a certain portion of the proceeds to providing nutritious meals to children in need in schools located within our community. In Canada, many children go to school every morning without any breakfast or lunch. By contributing to such meals, we hope to make a difference in the lives of these children.

RISK FACTORS

The risks and uncertainties described below are those we currently believe to be material, but they are not the only ones we face. If any of the following risks, or any other risks and uncertainties that we have not yet identified or that we currently consider not to be material, actually occur or become material risks, our business, prospects, financial condition, results of operations and cash flows and consequently the price of the Common Shares could be materially and adversely affected. In all these cases, the trading price of the Common Shares could decline, and you could lose all or part of your investment. There is no assurance that risk management steps taken will avoid future loss due to the uncertainties described below or other unforeseen risks.

Limited Operating History

Goodfood began carrying on business in 2014 and has yet to generate a profit from its operations. Goodfood is therefore subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of significant revenues. There is no assurance that Goodfood will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations.

Negative Operating Cash Flow

Goodfood had negative operating cash flow for the year ended August 31, 2017. If Goodfood continues to have negative operating cash flow into the future, its finances may need to be allocated to funding this negative operating cash flow. Goodfood may require additional financing to fund its operations to the point where it is generating positive operating cash flows. Continued negative operating cash flow may restrict Goodfood's ability to pursue its business objectives.

Food Industry

The financial performance of Goodfood is subject to a number of factors that affect the food service industry generally. The Canadian food service industry is intensely competitive with respect to price, value proposition, service, location and food quality. There are many well-established competitors, including those with greater financial and other resources than Goodfood. Some of Goodfood's competitors may have brands with longer operating histories or may be better established in markets where Goodfood operates or may operate in the future. If Goodfood is unable to successfully compete in the segments of the industry in which it operates, the financial condition and results of operations of Goodfood may be adversely affected.

Goodfood's business is also affected by factors such as inflation, increased food, labour and benefit costs, and the availability of experienced management and hourly employees may adversely affect the industry in general and Goodfood in particular. Even if Goodfood is able to successfully compete with other companies, it may be forced to make changes in one or more of its concepts in order to respond to changes in consumer trends.

Quality Control and Health Concerns

A consumer who improperly handles or cooks our products may suffer a food-borne illness and seek to hold Goodfood responsible for all damages and suffering resulting from that food-borne illness. Goodfood's business can be materially and adversely affected by negative publicity resulting from such an illness, injury, cleanliness, poor food quality or safety or any other health concerns or operating issues relating to Goodfood's facility and products. Such negative publicity or concerns could reduce sales and gross revenues and have a material adverse effect on Goodfood's business. Goodfood has a number of procedures in place for managing food safety and quality. Nevertheless, the risk of food borne illness or contamination cannot be completely eliminated. Any outbreak of such illness or contamination at Goodfood's facility or within the food service industry more generally, or the perception of such an outbreak, could have a material adverse effect on the financial condition and results of operations of Goodfood.

Regulatory Compliance

Goodfood and its suppliers are subject to a wide variety of laws, regulations and orders across all jurisdictions in which they do business, including those laws involving product liability, labour and employment, food safety, intellectual property, privacy, environmental and other matters. Changes to any

of the laws, rules, regulations or policies applicable to Goodfood's business, including tax laws, and laws affecting the production, processing, preparation, distribution, packaging and labelling of food, beverages and general merchandise products, could adversely affect the operations or financial condition or performance of Goodfood. Failure by Goodfood or its suppliers to comply with applicable laws, regulations and orders could subject Goodfood to civil or regulatory actions, investigations or proceedings, including fines, assessments, injunctions, recalls or seizures, which in turn could adversely affect reputation, operations or financial condition or performance of Goodfood. In the course of complying with changes to laws, Goodfood could incur significant costs. Changing laws or interpretations of such laws or enhanced enforcement of existing laws could restrict Goodfood's operations or profitability and thereby threaten Goodfood's competitive position and ability to efficiently conduct business.

Regulation of the Industry

Goodfood is subject to applicable federal and provincial regulations relating to the manufacturing, handling, preparation, and labelling of food products. This includes regulation of the handling and packaging of meat, poultry, fish and produce regulated by Health Canada, the Canadian Food Inspection Agency and applicable provincial regulatory authorities. Goodfood seeks to implement systems that ensure compliance with such regulation, and as regulation changes, Goodfood will modify its internal controls and handling as necessary. Any failure to comply, allegation by a regulatory authority of a failure to comply with such regulations, change in applicable regulation or in the manner in which it applies to Goodfood's industry or business could have a material impact on its operations and ability to provide product to meet demand on-time and in an efficient and cost-effective manner and a material adverse effect on its financial results.

Further, some of Goodfood's suppliers operate in supply-managed environments in which the production of a particular agricultural commodity is controlled through a quota system. The price of the supply-managed commodity may be set by regulation or by delegated authority. In such an environment, purchasers of the commodity have reduced bargaining power and must accept the regulated prices. Goodfood's suppliers, in turn, may base their prices on the acquisition cost of such supply-managed commodities.

Public Safety Issues

Adverse conditions, such as the threat pandemics or other outbreaks or perceived outbreaks of disease (including avian flu, H2N1, SARS or mad cow disease), may have a negative impact on the food industry and the economy in general. The occurrence, re-occurrence, continuation or escalation of such local, regional, national or international events or circumstances could reduce revenue for Goodfood which could have an adverse effect on the financial condition and results of operations of Goodfood.

Product Recalls

Manufacturers and distributors of food products are sometimes subject to the recall or return of their products for a variety of reasons, including product defects, such as contamination, unintended harmful side effects or interactions with other substances, packaging safety and inadequate or inaccurate labeling disclosure. If any of Goodfood's products are recalled due to an alleged product defect or for any other reason, Goodfood could be required to incur the unexpected expense of the recall and any legal proceedings that might arise in connection with the recall. Goodfood may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. In addition, a product recall may require significant management attention. There can be no assurance that any quality, potency or contamination problems will be detected in time to avoid unforeseen product recalls, regulatory action or lawsuits. Additionally, if subject to a recall, the image of Goodfood could be harmed. A recall for any

reason could lead to decreased demand for Goodfood's products and could have a material adverse effect on the results of operations and financial condition of Goodfood.

Damage to Goodfood's Reputation

There has been a marked increase in the use of social media platforms and similar channels, including weblogs (blogs), social media websites and other forms of Internet-based communications that provide individuals with access to a broad audience of consumers and other interested persons. The availability and impact of information on social media platforms is virtually immediate and many social media platforms publish user-generated content without filters or independent verification as to the accuracy of the content posted. The opportunity for dissemination of information, including inaccurate information, is seemingly limitless and readily available. Information, opinions and statements concerning Goodfood may be posted on such platforms at any time. Information posted may be adverse to Goodfood's interests or may be inaccurate, each of which may harm Goodfood's performance, prospects or business. Any damage to Goodfood's reputation, whether arising from the conduct of business, negative publicity, regulatory, supervisory or enforcement actions, matters affecting our financial reporting or compliance with provincial securities commissions, the TSX Venture Exchange or the TSX, security breaches or otherwise could have a material adverse effect on the business and results of operation of Goodfood. The harm may be immediate without affording Goodfood an opportunity for redress or correction.

Ultimately, the risks associated with any such negative publicity or incorrect information cannot be completely eliminated or mitigated and may materially harm the reputation, business, financial condition and results of operations of Goodfood.

Transportation Disruptions

Due to the perishable and premium nature of Goodfood's products, Goodfood depends on fast and efficient courier services to distribute its product. Any prolonged disruption of this courier service could have an adverse effect on the financial condition and results of operations of Goodfood. Rising costs associated with the courier services used by Goodfood to ship its products may also adversely impact the business of Goodfood and its ability to operate profitably.

Product Liability

As a distributor of products designed to be ingested by humans, Goodfood faces an inherent risk of exposure to product liability claims, regulatory action and litigation if the products it distributes are alleged to have caused significant loss or injury. In addition, the preparation and sale of Goodfood's products involve the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Previously unknown adverse reactions resulting from human consumption of Goodfood's products alone or in combination with other medications or substances could occur. Additionally, Goodfood is exposed to many types of operational risk, including the risk of misconduct and errors by its employees and third-party service providers.

Goodfood may be subject to various product liability claims. A product liability claim or regulatory action against Goodfood could result in increased costs, could adversely affect Goodfood's reputation with its clients and consumers generally, and could have a material adverse effect on our results of operations and financial condition of Goodfood. There can be no assurance that Goodfood will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. The inability to obtain sufficient insurance coverage on reasonable terms or to otherwise protect against potential product liability claims could prevent or inhibit the commercialization of Goodfood's potential products.

Ownership and Protection of Intellectual Property

The business and technology systems underpinning the order placement and processing functions of Goodfood's intellectual property are not protected by patents or registered design rights, which means that Goodfood cannot preclude or inhibit competitors from entering the same market if they develop the same or similar technology independently. Goodfood is particularly reliant, therefore, on copyright, trade secret protection and confidentiality and license agreements with its employees, suppliers, consultants and others to protect its intellectual property rights. Although Goodfood has taken steps consistent with industry practice to reduce these risks, such steps may be inadequate. Goodfood is particularly reliant on the intellectual property rights it holds in respect of its brand, which comprises the Goodfood name used both as plain words and in its stylised form together with the Goodfood logo. Goodfood has applied for a registered trademark to protect the Goodfood name. Goodfood also owns a number of domain name registrations, including www.makegoodfood.ca. If Goodfood or the third party fails to register, renew or enforce Goodfood's intellectual property rights, if there is any unauthorised use or significant impairment of Goodfood's intellectual property rights, the value of its products and services could be diminished, Goodfood's competitive position could be adversely affected and its business may suffer. In addition, third parties may independently discover Goodfood's trade secrets or access proprietary information or systems and, in such cases, Goodfood may not be able to rely on any intellectual property rights to prevent the use of such trade secrets, information or systems by such parties. Costly and time-consuming litigation could be necessary to determine and enforce the scope of Goodfood's proprietary rights and the outcome of such litigation could not be guaranteed. Failure to prevent the use of such secrets, information or systems by such third parties could materially adversely affect the business.

Evolving Industry

The online purchase of meal-kits is relatively new and rapidly evolving. Goodfood's success will depend to a substantial extent on the willingness of consumers to continue, and increase, their consumption of online meal-kits. If demand for online ordering of meal-kits decreases compared to current levels or consumer acceptance does not increase in line with Goodfood's expectations, Goodfood's business, financial condition, results of operations and prospects could be materially adversely affected. Factors important to maintaining and increasing the number of orders for Goodfood's meal-kits include Goodfood's ability to (i) attract new consumers, (ii) manage new and existing technologies and sales channels, including mobile devices, (iii) increase awareness of its brands through marketing and promotional activities, and (iv) obtain or increase purchases from repeat consumers.

Any failure to properly manage these factors could negatively impact Goodfood's ability to attract and retain consumers and maintain or increase the number of orders received, which could have a material adverse effect on Goodfood's business, financial condition, results of operations and prospects.

Reliance on a Single Facility

To date, Goodfood's activities and resources have been focused on its distribution facility in Saint-Laurent, Québec. On June 21, 2017, the Company signed a five-year lease with a five-year renewal option for its new 83,000 square foot distribution facility to replace the Company's 16,000 square foot primary distribution facility also located in Saint-Laurent, Québec, Canada. Production operations were transferred to the new facility in September, 2017. In addition, the Company secured a right of first refusal for an additional 72,000 square feet at a location directly adjacent to the new facility. Adverse changes or developments affecting the distribution facility or that disrupt its operation or efficiency could have a material and adverse effect on Goodfood's business, financial condition and prospects.

Unionization Activities May Disrupt Company Operations

Goodfood's employees may elect to be represented by labour unions in the future. If a significant number of Goodfood's employees were to become unionized, it could adversely affect the business, financial condition or results of operations of Goodfood. In addition, a labour dispute involving some or all of the Goodfood's employees may harm Goodfood's reputation, disrupt its operations and reduce its revenues, and resolution of disputes may increase its costs.

Reliance on Management

The success of Goodfood is highly dependent upon the ability, expertise, judgment, discretion and good faith of its limited number of senior management. While employment agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on Goodfood's business, operating results or financial condition.

Factors which may Prevent Realization of Growth Targets

Goodfood is currently in the early development stage and expects that, in the future, even if revenues continue to increase, its revenue growth may not continue at the same pace or may decline in the future. There are risks associated with Goodfood's growth strategy, and such strategies may not succeed, as they can be adversely affected by a variety of factors, including some that are discussed elsewhere in these risk factors as well as the following (i) quality control and health concerns, (ii) delays in obtaining, or conditions imposed by, regulatory approvals, (iii) environmental pollution, (iv) non-performance by third party contractors, (v) increases in materials or labour costs, (vi) breakdown, aging or failure of equipment or processes, (vii) contractor or operator errors, (viii) labour disputes, disruptions or declines in productivity, (ix) inability to attract sufficient numbers of qualified workers, and (x) major incidents and/or catastrophic events such as fires, explosions, earthquakes or storms.

As a result, there is a risk that Goodfood may not have the capacity to meet customer demand or to meet future demand when it arises. In addition, Goodfood expects to continue to expend substantial financial and other resources on (i) personnel, including significant increases to the total compensation as Goodfood pays its employees as it grows employee headcount, (ii) marketing, including expenses relating to increased direct marketing efforts, (iii) office space, as Goodfood increases the space it needs for its growing employee base, and (iv) general administration, including legal, accounting and other compliance expenses related to being a public company.

If Goodfood cannot manage growth effectively it could materially and adversely affect the business, financial condition and results of operations of Goodfood.

Competition

It is estimated that the global meal-kit industry currently comprises of over 170 companies across various countries and niches. The Canadian industry currently has approximately a dozen companies. Goodfood may face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and marketing experience than Goodfood. Increased competition by larger and better financed competitors could materially and adversely affect the business, financial condition and results of operations of Goodfood.

Some of these competitors and new entrants may have brands that are or become more widely recognized by consumers than Goodfood's brand, and they may also have substantially greater financial, marketing, technical or other resources. Goodfood's competitors may also merge or form strategic partnerships. These factors could adversely impact Goodfood's competitive position.

To remain competitive, Goodfood will require a continued high level of investment in marketing, sales and customer support. Goodfood may not have sufficient resources to maintain marketing, sales and customer support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of operations of Goodfood.

Availability and Quality of Raw Materials

Goodfood is dependent upon the availability and quality of the raw materials, food, services and products used in its meal-kits. The availability and price of these commodities are subject to fluctuation and may be affected by a variety of factors affecting the supply and demand of the raw materials used in these products. Rising costs associated with the price of such commodities may adversely affect the business and the ability of Goodfood to operate profitably.

Limited Number of Products

Goodfood currently offers meal-kits to customers in Québec, Ontario, Nova Scotia, New Brunswick and Prince Edward Island. Some of Goodfood's competitors offer a more diverse set of products to individuals and in additional markets. There can be no assurance that Goodfood will be successful in broadening the scope of products offered. Failure to broaden the scope of products offered to potential customers may inhibit the growth of repeat business and harm the operating results of Goodfood.

There also can be no guarantee that Goodfood will be successful with respect to its current efforts in Québec, Ontario, Nova Scotia, New Brunswick and Prince Edward Island, its planned expansion into Western Canada, as well as any further expansion beyond these regions or Canada, if Goodfood decides to attempt such expansion at all, which may also inhibit the growth of Goodfood's business. In particular, Goodfood's planned expansion into Western Canada may result in significant costs, including important capital expenditure. Expanding Goodfood's operations into new markets would subject Goodfood's business to new challenges, regulations and risks.

Environmental and Employee Health and Safety Regulations

Goodfood's operations are subject to environmental and safety laws and regulations concerning, among other things, emissions and discharges to water, air and land, the handling and disposal of hazardous and non-hazardous materials and wastes, and employee health and safety. Goodfood will incur ongoing costs and obligations related to compliance with environmental and employee health and safety matters. Failure to comply with environmental and safety laws and regulations may result in additional costs for corrective measures, penalties or in restrictions on Goodfood's manufacturing operations. In addition, changes in environmental, employee health and safety or other laws, more vigorous enforcement thereof or other unanticipated events could require extensive changes to Goodfood's operations or give rise to material liabilities, which could have a material adverse effect on the business, results of operations and financial condition of Goodfood.

Online Security Breaches and Disruption

Goodfood relies heavily on technology to provide the security necessary to effect the secure transmission of information from its consumers, such as credit or debit card numbers. Goodfood also receives, transmits and stores a large volume of personally identifiable information and other sensitive data from customers and potential customers. There are federal, provincial and foreign laws regarding privacy and the storing, sharing, use, disclosure and protection of personally identifiable information and sensitive data. Specifically, personally identifiable information is increasingly subject to legislation and regulations to protect the privacy of personal information that is collected, processed and transmitted. Goodfood cannot guarantee absolute protection against unauthorised attempts by third parties or its

current or former employees to access its IT systems, including malicious third party applications that may interfere with or exploit security flaws in its products and services. Viruses, worms and other malicious software programmes could, amongst other things, jeopardise the security of information stored in a user's computer or in Goodfood's computer systems or attempt to change the internet experience of users by interfering with Goodfood's ability to connect with its users. If any compromise of Goodfood's security measures were to occur, or if Goodfood's website or other systems were to experience service outages or other interruptions, the business, financial condition and results of operations of Goodfood may be materially adversely affected. In addition, certain provinces have enacted laws requiring companies to notify individuals of data security breaches involving their personal data. These mandatory disclosures regarding a security breach are costly to implement and often lead to widespread negative publicity, which may cause Goodfood's customers to lose confidence in the effectiveness of our data security measures. Moreover, if a high profile security breach occurs with respect to a competitor of Goodfood, customers may lose trust in the security of Goodfood and the business model generally, which could adversely impact Goodfood's ability to conduct business. Any security breach, whether actual or perceived, would harm our reputation and Goodfood could lose customers.

Goodfood's website and platform may be subject to distributed denial of service, or DDoS, attacks in the future, a technique used by hackers to take an Internet service offline by overloading its servers. Goodfood cannot guarantee that applicable recovery systems, security protocols, network protection mechanisms and other procedures are or will be adequate to prevent network and service interruption, system failure or data loss. Moreover, our platform could be breached if vulnerabilities in our platform are exploited by unauthorized third parties. Since techniques used to obtain unauthorized access change frequently and the size of DDoS attacks is increasing, we may be unable to implement adequate preventative measures or stop the attacks while they are occurring. A DDoS attack or security breach could delay or interrupt service to our customers. In addition, any actual or perceived DDoS attack or security breach could damage our reputation and brand, expose us to a risk of litigation and possible liability and require us to expend significant capital and other resources to alleviate problems caused by the DDoS attack or security breach.

Reliance on Data Centers

Goodfood serves customers using third-party cloud-based and traditional data center facilities. The continuous availability of Goodfood's products and services depends on the operations of these facilities, on a variety of network service providers, on third-party vendors and on data center and cloud operations staff. In addition, Goodfood depends on the ability of third-party facility provider to protect the facilities against damage or interruption from natural disasters, power or telecommunications failures, criminal acts and similar events. If there are any lapses of service or damage to the facilities, Goodfood could experience lengthy interruptions in its services as well as delays and additional expenses in arranging new facilities and services. Even with current and planned disaster recovery arrangements, the business of Goodfood could be harmed.

Open Source License Compliance

Goodfood incorporates open source software into our proprietary platform and into other processes supporting our business. Such open source software may include software covered by licenses like the GNU General Public License and the Apache License. The terms of various open source licenses have not been interpreted by courts, and there is a risk that such licenses could be construed in a manner that limits our use of the software, inhibits certain aspects of the platform and negatively affects our business operations.

Some open source licenses contain requirements that all modifications or derivative works created based on the type of open source are generally made available. If portions of Goodfood's

intellectual property are determined to be subject to an open source license, or if the license terms for the open source software that Goodfood incorporates changes, Goodfood could be required to publicly release the affected portions of the source code, reengineer all or a portion of its platform or change its business activities. In addition to risks related to license requirements, the use of open source software can lead to greater risks than the use of third-party commercial software, as open source licensors generally do not provide warranties or controls on the origin of the software. Many of the risks associated with the use of open source software cannot be eliminated, and could adversely affect Goodfood's business.

Future Capital Requirements

Goodfood may need to raise additional funds through public or private debt or equity financings in order to: (i) fund ongoing operations; (ii) take advantage of opportunities, including more rapid expansion of Goodfood's business or the acquisition of complementary businesses; or (iii) respond to competitive pressures. Any additional capital raised through the sale of equity may dilute Goodfood's shareholders' percentage ownership of the Common Shares. Capital raised through debt financing would require the Company to make periodic interest payments and may impose restrictive covenants on the conduct of the Company's business. Furthermore, additional financings may not be available on terms favourable to the Company, or at all. A failure to obtain additional funding could prevent the Company from making expenditures that may be required to implement the Company's growth strategy and grow or maintain the Company's operations.

Operating Risk and Insurance Coverage

Goodfood has insurance to protect its assets, operations and employees. While Goodfood believes its insurance coverage addresses all material risks to which it is exposed and is adequate and customary in its current state of operations, such insurance is subject to coverage limits and exclusions and may not be available for the risks and hazards to which Goodfood is exposed. In addition, no assurance can be given that such insurance will be adequate to cover Goodfood's liabilities or will be generally available in the future or, if available, that premiums will be commercially justifiable. If Goodfood were to incur substantial liability and such damages were not covered by insurance or were in excess of policy limits, or if Goodfood were to incur such liability at a time when it is not able to obtain liability insurance, its business, results of operations and financial condition could be materially adversely affected.

Management of Growth

The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Company to deal with this growth may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Conflicts of Interest

Certain of the directors and officers of the Company are also directors and officers of other companies, and conflicts of interest may arise between their duties as officers and directors of the Company and as officers and directors of such other companies.

Litigation

The Company may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which Goodfood becomes involved be determined against it, such a decision could adversely affect Goodfood's ability to continue operating and

the market price for Goodfood's Common Shares and could use significant resources. Even if Goodfood is involved in litigation and wins, litigation can redirect significant company resources.

Catastrophic Events

Events beyond the control of Goodfood may damage its ability to accept customers' orders, maintain its platform or perform its servicing obligations. In addition, these catastrophic events may negatively affect customers' demand for Goodfood's products and services. Such events include, but are not limited to, fires, earthquakes, terrorist attacks and natural disasters. Despite any precautions Goodfood may take, system interruptions and delays could occur if there is a natural disaster, if a third party provider closes a facility Goodfood uses without adequate notice for financial or other reasons, or if there are other unanticipated problems at Goodfood's leased facilities, and such disruptions could harm Goodfood's ability to run its business and cause lengthy delays which could harm business, results of operations and financial condition of Goodfood.

CAPITAL STRUCTURE

Share Capital

The Company's authorized share capital consists of an unlimited number of Common Shares, without nominal or par value, of which 47,753,832 Common Shares were issued and outstanding as of August 31, 2017.

Common Shares

Each holder of Common Shares is entitled to one vote per Common Share held on all matters submitted to a vote of the shareholders, including the election of directors.

Holders of Common Shares are entitled to receive dividends, if any, as may be declared from time to time by the Company's Board of Directors. In the event of the liquidation, dissolution or winding up of the Company, holders of Common Shares will be entitled to share rateably in the net assets legally available for distribution to shareholders after the payment of all of the Company's debts and other liabilities.

Holders of the Common Shares have no pre-emptive, conversion or subscription rights, and there are no redemption or sinking fund provisions applicable to the Common Shares.

MARKET FOR SECURITIES, TRADING PRICE AND VOLUME

Goodfood's Common Shares are listed for trading on the TSX under the symbol FOOD. The following table shows the monthly range of high and low prices per Common Share at the close of market on the TSX, as well as total monthly volumes and average daily volumes of the Common Shares traded on the TSX since Goodfood's entry on the TSX on June 7, 2017:

Month	Price per Common Share (\$) Monthly High	Price per Common Share (\$) Monthly Low	Common Shares Total Monthly Volume	Common Shares Average Daily Volume
June 2017	3.50	1.41	2,034,320	113,018
July 2017	1.99	1.20	666,366	33,318
August 2017	1.99	1.40	1,440,161	65,462

DIVIDENDS AND DIVIDEND POLICY

We have not declared or paid any cash dividends on our securities in Fiscal 2017 and do not currently anticipate paying any cash dividends on our securities, including the Common Shares, in the foreseeable future. We currently intend to reinvest our earnings to finance the growth of our business. Any future determination to pay dividends on our securities will be at the discretion of the Board of Directors and will depend on, among other things, our results of operations, current and anticipated cash requirements and surplus, financial condition, contractual restrictions and financing agreement covenants, solvency tests imposed by corporate law and other factors that the Board of Directors may deem relevant. There are no restrictions on the Company's ability to pay dividends.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

Except as otherwise described below, as of August 31, 2017, to the Company's knowledge, none of the Company's securities are subject to a contractual restriction or are being held in escrow.

<u>Designation of Class</u>	<u>Number of Securities Held in Escrow or that are Subject to a Contractual Restriction on Transfer</u>	<u>Percentage of Class⁽¹⁾</u>
Common Shares	23,256,526	48.70%

Notes

⁽¹⁾Based on the number of outstanding Common Shares as at August 31, 2017.

DIRECTORS AND EXECUTIVE OFFICERS

The following tables set out, for each of our directors and executive officers, the person's name, province or state and country of residence, position with us, principal occupation and, if a director, the date on which the person became a director. Our directors are elected annually and, unless re-elected, retire from office at the end of the next annual meeting of shareholders. As a group, the directors and executive officers beneficially own, or control or direct, directly or indirectly, a total of 31,051,201 Common Shares, representing approximately 65.0% of the Common Shares outstanding as of August 31, 2017.

Directors

<u>Name and Province or State and Country of Residence</u>	<u>Position(s)/Title</u>	<u>Director Since</u>	<u>Principal Occupation</u>	<u>Common Shares beneficially owned</u>
Jonathan Ferrari..... Québec, Canada	Chief Executive Officer of the Company	2017	Co-Founder and Chief Executive Officer of the Company	11,487,565 (24.1%)
Neil Cuggy Québec, Canada	Chief Operating Officer and Chief Financial Officer of the Company	2017	Co-founder, Chief Operating Officer and Chief Financial Officer of the Company	11,487,565 (24.1%)
Hamnett Hill ^{(1) (4)} Québec, Canada	Director	2017	Chief Executive Officer of Smooch.io (a messaging software development company)	8,033,571 (16.8%)
Donald Olds ^{(2) (4)} Québec, Canada	Lead Director	2017	Chief Executive Officer of NEOMED Institute (a company specializing in pharmaceutical R&D)	22,500 (0.001%)
Guy LeBlanc ^{(1) (3)} Québec, Canada	Director	2017	Director of companies such as Groupe Meloche, Inc. and Groupe Atis, Inc.	20,000 (0.001%)

Notes

⁽¹⁾ Member of the Governance, Human Resources and Compensation Committee.

⁽²⁾ Chair of the Governance, Human Resources and Compensation Committee.

⁽³⁾ Chair of the Audit Committee.

⁽⁴⁾ Member of the Audit Committee.

Biographies

The following are brief profiles of the executive officers and directors of the Company, including a description of each individual's principal occupation within the past five years.

Non-Executive Directors

Hamnett Hill, Director

Hamnett Hill is a director of Goodfood and has spent 25 years building and leading companies that make technology work for everyday consumers. As co-founder and Chief Executive Officer of Smooch, Hamnett is working to humanize the relationships between businesses and consumers by bringing the power of B2C messaging to businesses and software vendors, making it easy for consumers to have rich messaging conversations with companies from wherever they are. Mr. Hill is also an active technology angel investor, with investments in companies such as BlockStream, AppDirect and

MixGenius (Landr.com). He is a Director of Humanitarian U, an online university that prepares first responders for humanitarian disasters around the world, in concert with partners such as the World Health Organization. Engaging his passion for food and food systems, Mr. Hill is the founder and principal of edō Capital, a private equity firm for early-stage, innovative food businesses and technologies that contribute to a healthier and more sustainable future. He is also Chairman of the edō Foundation, a charitable organization devoted to increasing awareness and education about sustainable food issues. Mr. Hill's companies and teams have been honored with numerous awards, including the Profit 100 Fastest Growing Canadian Companies, Canada's 50 Best Managed Companies, Canada's Top 100 Employers, Canada's Top 40 Under 40, and Ernst & Young Entrepreneur of the Year, among others.

Donald Olds, Director

Donald Olds has been President and Chief Executive Officer of the NEOMED Institute since January 2017, prior to which he was the Chief Operating Officer of Telesta Therapeutics Inc. a TSX-listed biotechnology company from 2014 to 2016, where he was responsible for finance and investor relations, manufacturing operations, business development, human resources and strategy. In October 2016, he led the process that resulted in the successful sale of Telesta to a larger public biotechnology company. Prior to Telesta, he was President and Chief Executive Officer of Presagia Corp., a private software development company from 2011 to 2013. Before joining Presagia, he worked for almost 9 years as Chief Financial Officer and Chief Operating Officer of Aegea Therapeutics, where he was responsible for clinical operations, business development, finance, and mergers and acquisitions. Prior to Aegea, Mr. Olds was Chief Financial Officer of Mediatrix Telecom from 2000 to 2002 where he was responsible for operations, finance and manufacturing and led the technology investment banking practice of TD Securities in Quebec from 1997 to 2002. Mr. Olds is currently Chairman of Oxfam Quebec and Director of Presagia Corp. and has extensive past corporate governance experience serving on the boards of private and public for-profit and not-for-profit organizations and was previously a Director of TSX listed Bellus Health Inc. He holds an MBA (Finance & Strategy) and M.Sc. (Renewable Resources) from McGill University.

Guy LeBlanc, Director

Guy LeBlanc is a Chartered Professional Accountant. He worked for over 35 years at PricewaterhouseCoopers LLP, a corporation specializing in certification, tax, consulting and transaction services. Mr. LeBlanc was a director of Canam Group, Inc. until its privatization in June 2017. He acted as managing partner of the Montreal office from 2006 to 2015, and managing partner of the Transaction group in Canada from 2002 to 2006. Prior to 2002, he worked for the Audit and Certification and Consulting and Transaction groups of PwC. Mr. LeBlanc is a director of Atis Group and Meloche Group. He is a member of the Ordre des comptables professionnels agréés du Québec and has obtained the title of Fellow (FCPA). He also holds the ICD.D accreditation from the Institute of Corporate Governance.

Executive Officers Who Also Serve as Directors

Jonathan Ferrari, Chairman, Director and Chief Executive Officer

Mr. Ferrari is Co-Founder and Chief Executive Officer of Goodfood. After graduating with honors from McGill University, Mr. Ferrari joined RBC's investment banking team in Montreal in 2010, advising retailers on mergers and acquisitions, capital raises and strategic partnerships. He co-founded MTL Capital LLC in 2013, a privately held entrepreneurial investment firm. In 2017, Mr. Ferrari was named one of Canada's Top 40 Under 40. This national award celebrates the exceptional achievements of Canadians in leadership, innovation and community involvement. Mr. Ferrari is a Montreal native.

Neil Cuggy, Director, Chief Operating Officer and Chief Financial Officer

Mr. Cuggy is Co-Founder, Chief Operating Officer and Chief Financial Officer of Goodfood. Mr. Cuggy's previous experience includes co-founding and leading an entrepreneurial investment firm called MTL Capital LLC, a privately held entrepreneurial investment firm. Before founding MTL Capital, Mr. Cuggy worked in the Investment Banking division of RBC Capital Markets from 2010 to 2012 where he worked on multiple mergers and acquisitions, equity financings and debt financings. He is a Montreal native who comes from a long line of entrepreneurs. He graduated first class honors with distinction from McGill University where he received a Bachelor of Commerce degree in Investment Management.

Corporate Cease Trade Orders and Bankruptcies

No current director or officer of the Company is, or within the ten years prior to the date of this Annual Information Form has been, a director, officer, or promoter of any person or company that, while that person was acting in that capacity, (a) was the subject of a cease trade order or similar order, or an order that denied the other issuer access to any exemptions under applicable securities law, for a period of more than 30 consecutive days, or (b) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Penalties or Sanctions

No current director or officer of the Company, nor shareholder holding a sufficient number of shares of to affect materially the control of the Company, has (a) been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) been subject to any other penalties or sanctions imposed by a court or regulatory body, including a self-regulatory body, that would be likely to be considered important to a reasonable investor making an investment decision.

Conflicts of Interest

To the best of Goodfood's knowledge, there are no known existing or potential conflicts of interest among the Company and a current director or officer of the Company as at the date hereof, except that certain of our directors also serve as directors or officers of other companies, and therefore it is possible that a conflict may arise between their duties to us and their duties as a director or officer of such other companies.

LEGAL PROCEEDINGS

As at the date of this Annual Information Form, we are not involved in any legal proceeding.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except for the transactions related to the RTO, we have not completed a transaction within the three years before the date of this Annual Information Form that has materially affected or is reasonably expected to materially affect us in which any of our directors, executive officers or principal shareholders, or any of their associates or affiliates, had any material interest, either direct or indirect.

MATERIAL CONTRACTS

The following are the only material contracts, other than those contracts entered into in the ordinary course of business, which we have entered into since the beginning of the last financial year, or entered into prior to such date, but which is still in effect and to which are required to be filed with

Canadian securities regulatory authorization in accordance with Section 12.2 of *National Instrument - 51-102 Continuous Disclosure Obligations*.

Agency Agreement

On March 31, 2017, GMI entered into an Agency Agreement with GMP Securities, L.P. (“GMP”), as lead agent and sole bookrunner, National Bank Financial Inc. and Cormark Securities Inc. (collectively with GMP, the “Agents”), as agents, pursuant to which the Agents agreed to offer up to 10,000,000 Subscription Receipts, at a price of \$2.00 per Subscription Receipt, for sale by way of private placement on a “best efforts” basis, without any underwriter liability (the “Agency Agreement”). According to the terms of the Agency Agreement, the Agents were granted the option to purchase from GMI an additional 15% of the number of Subscription Receipts sold during the Private Placement on the same terms as the Private Placement. The Subscription Receipts were issued in connection with the Company’s Private Placement. For more information, please refer to “CORPORATE STRUCTURE”.

Amalgamation Agreement

On April 25, 2017, the Company (then known as Mira VII) entered into an Amalgamation Agreement with GMI and Subco whereby GMI and Subco amalgamated and the former shareholders of GMI received shares of Mira VII as compensation for the Amalgamation. For more information with respect to the Amalgamation, please refer to “CORPORATE STRUCTURE”.

TRANSFER AGENT AND REGISTRAR

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

INTERESTS OF EXPERTS

Our current independent auditors, KPMG LLP have confirmed that they are independent with respect to the Company within the meaning of the Code of Ethics of the *Ordre des comptables professionnels agréés du Québec*.

AUDIT COMMITTEE

Audit Committee Charter

The Board of Directors has adopted a written charter describing the mandate of the Audit Committee that establishes, *inter alia*, the Audit Committee’s purpose and responsibilities. Within the purview of its mandate, the Audit Committee is responsible for overseeing the accounting and financial reporting practices of Goodfood and audits of Goodfood’s consolidated financial statements. The Audit Committee’s responsibilities also include the selection, recommendation and oversight of Goodfood’s independent auditors. The text of the Audit Committee’s charter is reproduced in its entirety in Annex A to this Annual Information Form.

Composition of the Audit Committee

The Audit Committee is currently comprised of Guy LeBlanc, Donald Olds, and Hamnett Hill. Mr. LeBlanc is the chair of the Audit Committee. For education and experience of each member of the Audit Committee relevant to the performance of his duties as a member of the Audit Committee, please refer to the “Biographies” section in “DIRECTORS AND EXECUTIVE OFFICERS”.

It is the Board’s determination that each of the members of the Audit Committee is financially literate and independent within the meaning of *National Instrument - 52-110 Audit Committee*.

Pre-Approval Policies and Procedures

The Audit Committee is responsible for the pre-approval of all non-audit services to be provided to Goodfood by its independent auditors. At least annually, the Audit Committee reviews and confirms the independence of the independent auditors by obtaining statements from the independent auditors describing all relationships with Goodfood, including with respect to any non-audit services.

Independent Auditor's Fees

Aggregate fees billed by our independent auditors, KPMG LLP, for Fiscal 2016 and Fiscal 2017 are as follows:

Services Retained	Fees billed in Fiscal 2016 ⁽⁵⁾	Fees billed in Fiscal 2017
Audit fees ⁽¹⁾	--	\$277,764
Audit-related fees ⁽²⁾	--	--
Tax fees ⁽³⁾	--	\$9,550
All other fees ⁽⁴⁾	--	\$6,150
Total.....	--	\$293,464

Notes

⁽¹⁾ Fees billed by our independent auditors for professional services related to the audit of the consolidated financial statements of the Company for the year ended August 31, 2017, the audit of the financial statements of GMI for the year ended August 31, 2016, the review of the financial statements of GMI for the year ended August 31, 2015, the review of the interim financial statements of GMI during Fiscal 2017 and professional fees incurred in relation to the filing statement of GMI dated May 26, 2017

⁽²⁾ Fees billed by our independent auditors for audit-related services.

⁽³⁾ Fees billed by our independent auditors for tax compliance, tax advice and tax planning services.

⁽⁴⁾ Fees billed by our independent auditors for other services.

⁽⁵⁾ Fees billed by our independent auditors in Fiscal 2016 were nil as all services were rendered during Fiscal 2017.

ADDITIONAL INFORMATION

Additional information relating to Goodfood may be found on SEDAR at www.sedar.com and on the Company's website at www.makegoodfood.ca. You can also obtain a copy of such documents by contacting us by mail, email or telephone:

Investor Relations
4600 Hickmore Street
Saint-Laurent, Québec H4T 1K2
Canada
Telephone: 1(855) 515-5191
ir@makegoodfood.ca

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of our securities and securities authorized for issuance under our equity compensation plans is contained in the Company's management information circular dated November 28, 2017.

Additional financial information is provided in the audited consolidated financial statements and the management's discussion & analysis of the Company for Fiscal 2017.

GLOSSARY OF TERMS

“**Agency Agreement**” means the agency agreement entered into by and between GMI, GMP, National Bank Financial, Inc. and Cormark Securities, Inc. dated March 31, 2017.

“**Agents**” mean collectively GMP, National Bank Financial, Inc. and Cormark Securities, Inc.

“**Amalco**” means Goodfood Market Inc., the entity resulting from the amalgamation between GMI and Subco.

“**Amalgamation**” means the three-cornered amalgamation between GMI, Mira VII and Subco pursuant to which the GMI and Subco amalgamated to form Amalco.

“**Audit Committee**” means the audit committee of the Company.

“**Board**” or “**Board of Directors**” means the Board of Directors of the Company.

“**CBCA**” means the *Canada Business Corporations Act*, as amended from time to time.

“**Common Shares**” means common shares in the share capital of the Company.

“**Company**” means Goodfood Market Corp. and its predecessors.

“**Consolidation**” means the consolidation of Mira VII’s common shares on the basis of one post-consolidation Mira VII common share for every 22.2222 Mira VII common share existing immediately before such consolidation.

“**Fiscal 2016**” means the Company’s fiscal year ended August 31, 2016.

“**Fiscal 2017**” means the Company’s fiscal year ended August 31, 2017.

“**GMI**” means Goodfood Market Inc. and its predecessors.

“**GMP**” means GMP Securities, L.P.

“**Goodfood**” means Goodfood Market Corp. and its predecessors.

“**IFRS**” means the International Financial Reporting Standards.

“**management**” means the persons who are identified herein as the executive officers of the Company.

“**Mira VII**” means Mira VII Acquisition Corp. and its predecessors.

“**OBCA**” means the *Business Corporations Act (Ontario)*, as amended from time to time.

“**Private Placement**” means the private placement of 10,542,883 Subscription Receipts at a price of \$2.00 per Subscription Receipt for aggregate gross proceeds of \$21,085,766.

“**Qualifying Transaction**” means the arm’s length qualifying transaction completed in accordance with the policies of the TSX.

“**R&D**” means research and development.

“**Resulting Issuer**” means Goodfood Market Corp., as it existed prior to its amalgamation with Amalco.

“**RTO**” means the reverse take-over transaction which occurred on June 1, 2017 by which the Resulting Issuer began trading on the TSX under the symbol “FOOD” on June 7, 2017.

“**Share Split**” means the split of GMI’s common shares occurring immediately prior to the Amalgamation on the basis of 24.8379775 shares for each share existing prior to such split.

“**Subco**” means Mira VII Subco Inc. and its predecessors.

“**Subscription Receipts**” means the subscription receipts of GMI created, issued, and sold by the Agents in connection with the Company’s Private Placement.

“**TSX**” means the Toronto Stock Exchange.

ANNEX A

AUDIT COMMITTEE CHARTER

See attached



AUDIT COMMITTEE CHARTER

DATED AUGUST 23, 2017

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I. PURPOSE

The purpose of the Audit Committee is to assist the Board of Directors (the “**Board**”) of Goodfood Market Corp. (the “**Corporation**”) in its oversight of:

- A. the integrity of the financial statements and related information;
- B. compliance with applicable legal and regulatory requirements;
- C. the independence, qualifications, appointment and performance of the external auditor;
- D. disclosure, internal controls and internal audit procedures;
- E. enterprise risk management processes, credit worthiness, treasury and financial policies; and
- F. whistle blower, complaint procedures and ethics policies.

II. DUTIES AND RESPONSIBILITIES

The Audit Committee shall perform the functions customarily performed by audit committees and any other functions assigned by the Board. In particular, the Audit Committee shall have the following duties and responsibilities:

A. FINANCIAL REPORTING AND CONTROL

- 1. On a periodic basis, review and discuss with management and the external auditor the following:
 - a. major issues regarding accounting principles and financial statement presentation, including any significant changes in the Corporation’s selection or application of accounting principles, and issues as to the adequacy of the Corporation’s internal controls and any special audit steps adopted in light of material control deficiencies;
 - b. analyses prepared by management and/or the external auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including the impact of selecting one of several generally accepted accounting principles (GAAP) on the financial statements when such a selection has been made in the current reporting period;
 - c. the effect of regulatory and accounting developments, as well as off-balance sheet arrangements, on the financial statements of the Corporation;
 - d. the type and presentation of information to be included in earnings press releases (including any use of pro-forma or non-GAAP information);

- e. any corporate governance issues which could significantly affect the financial statements;
 - f. all matters required to be communicated to the Audit Committee under generally accepted auditing standards.
2. Meet to review and discuss with management and the external auditor, report and, where appropriate, provide recommendations to the Board on the following prior to its public disclosure:
- a. the annual and interim consolidated financial statements and the related “Management’s Discussion and Analysis”, Annual Information Forms, earnings press releases, the whole in accordance with the Disclosure Policy, and the integrity of the financial reporting of the Corporation;
 - b. any audit issues raised by the external auditor and management’s response thereto, including any restrictions on the scope of the activities of the external auditor or access to requested information and any significant disagreements with management;
 - c. to the extent not previously reviewed by the Audit Committee, all financial statements included in any prospectus or offering memoranda and all other financial reports required by regulatory authorities and/or requiring approval by the Board.
3. Review and discuss reports from the external auditor on:
- a. all critical accounting policies and practices used by the Corporation;
 - b. all material selections of accounting policies when there is a choice of policies available under GAAP that have been discussed with management, including the ramifications of the use of such alternative treatment and the alternative preferred by the external auditor;
 - c. other material written communications between the external auditor and management, and discuss such communication with the external auditor; and
 - d. ensure that adequate procedures are in place for the review of public disclosure of financial information extracted or derived from the financial statements and periodically assess the adequacy of those procedures.

B. OVERSIGHT OF THE EXTERNAL AUDITOR

1. Recommend to the Board the external auditor to be nominated of the purpose of preparing the external auditor’s report as well as the external auditor’s compensation for doing so.

2. Oversee the work of the external auditor and any other auditor preparing or issuing an audit report or performing other audit services or attest services for the Corporation or any consolidated subsidiary of the Corporation, where required, and review, report and, provide recommendations to the Board on the appointment, terms and review of engagement, removal, independence and proposed fees of the external auditor.
3. Approve in advance all audit, review or attest engagement fees and terms for all audit, review or attest services to be provided by the external auditor to the Corporation and any consolidated subsidiary and any other auditor preparing or issuing an audit report or performing other audit services or attest services for the Corporation or any consolidated subsidiary of the Corporation, where required.
4. Pre-approve all engagements for permitted non-audit services provided by the external auditor to the Corporation and any consolidated subsidiary and to this effect may establish policies and procedures for the engagement of the external auditor to provide to the Corporation and any consolidated subsidiary permitted non-audit services, which shall include approval in advance by the Audit Committee of all audit/review and permitted non-audit services to be provided by the external auditor to the Corporation and any consolidated subsidiary.
5. Establish policies for the hiring of partners, employees and former partners and employees of the external auditor in order to protect the independence of the auditors.
6. At least annually, consider, assess, and report to the Board on:
 - a. the independence of the external auditor, including that the external auditor's performance of permitted non-audit services does not impair the external auditor's independence;
 - b. obtaining from the external auditor a written statement (i) delineating all relationships between the external auditor and the Corporation; (ii) assuring that lead audit partner rotation is carried out, as required by law; and (iii) delineating any other relationships that may adversely affect the independence of the external auditor; and
 - c. the evaluation of the lead audit partner, taking into account the opinions of management.
7. At least annually, obtain and review a report by the external auditor describing:
 - a. the external auditor's internal quality-control procedures;
 - b. any material issues raised by the most recent internal quality-control review, or peer review of the external auditor firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried

out by the external auditor firm, and any steps taken to deal with any such issues.

8. Resolve any disagreement between management and the external auditor regarding financial reporting.
9. Review the annual audit plan with the external auditor.
10. At least quarterly and when required, meet with the external auditor in the absence of management.

C. OVERSIGHT OF THE CORPORATION'S INTERNAL CONTROL SYSTEM

1. Review and discuss with management and the external auditor, monitor, report and, where appropriate, provide recommendations to the Board on the following:
 - a. the Corporation's systems of internal controls over financial reporting;
 - b. compliance with the policies and practices of the Corporation relating to business ethics;
 - c. compliance by Directors, Officers and other management personnel with the Disclosure Policy; and
 - d. the relationship of the Audit Committee with other committees of the Board, management and the Corporation's consolidated subsidiaries' audit committees.
2. Review and discuss with the Chief Executive Officer (the "CEO") and Chief Financial Officer (the "CFO") of the Corporation the process for the certifications to be provided in the Corporation's public disclosure documents.
3. Review, monitor, report, and, where appropriate, provide recommendations to the Board on the Corporation's disclosure controls and procedures.
4. Establish procedures for the receipt, retention, and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters, including procedures for confidential, anonymous submissions by employees regarding questionable accounting or auditing matters.

D. OVERSIGHT OF THE CORPORATION'S RISK MANAGEMENT

1. Review, monitor, report and, where appropriate, provide recommendations to the Board on the Corporation's major business, operational, and financial risk exposures and the guidelines, policies and practices regarding risk assessment and risk management including the following:
 - a. the Corporation's processes for identifying, assessing and managing risks;

- b. the Corporation's major financial risks, including derivative and tax risks, and operational risk exposures and the steps the Corporation has taken to monitor and control such exposures;
 - c. the Corporation's major security risks and security trends, including cybersecurity risks, that may impact the Corporation's operations and business;
 - d. the Corporation's business continuity plans, including work stoppage and disaster recovery plans;
 - e. the Corporation's environmental risks, and environment trends that may impact the Corporation's operations and business.
2. Review, monitor, report and, where appropriate, provide recommendations to the Board on the Corporation's compliance with internal policies and the Corporation's progress in remedying any material deficiencies related to:
 - a. security policies, including the physical safeguarding of corporate assets and security of networks and information systems;
 - b. environmental policy and environmental management systems.
 3. When appropriate, ensure that the Corporation's subsidiaries establish an environmental policy and environmental management systems, and review and report thereon to the Board.
 4. Review with management the credit worthiness, liquidity and important treasury matters including financial plans of the Corporation.
 5. Review all related party transactions and actual or potential conflicts of interest.

E. COMPLIANCE WITH LEGAL AND ACCOUNTING REQUIREMENTS

1. Review and discuss with management, legal counsel and the external auditor, monitor, report and, when appropriate, provide recommendations to the Board on the adequacy of the Corporation's processes for complying with laws, regulations and applicable accounting standards.
2. Review, on a periodic basis with legal counsel, the Corporation's legal compliance with respect to: (a) the legal and regulatory matters which may have a material effect on the Corporation and/or its financial statements, including with respect to pending or threatened material litigations; and (b) corporate compliance policies and codes of conduct.

F. WHISTLEBLOWER, ETHICS AND INTERNAL CONTROLS COMPLAINT PROCEDURES

Ensure that the Corporation has in place adequate procedures for:

1. The receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal controls or auditing matters.
2. The confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

The CEO or CFO will report to the Audit Committee, and the Audit Committee will review such reports, on any fraud, whether or not material, that involves management or other employees who have a significant role in the Corporation's internal controls. Where the CEO or the CFO is named in a complaint, the Lead Director will speak directly with the Chair of the Audit Committee.

III. EVALUATION OF THE AUDIT COMMITTEE AND REPORT TO BOARD

1. The Audit Committee shall evaluate and review with the Board, on an annual basis, the performance of the Audit Committee as a whole as well as the performance of each individual member while taking into account: (i) in the case of the Audit Committee as a whole, the present Charter, and (ii) in the case of an individual member, the applicable position description(s), as well as the competencies and skills each individual director is expected to contribute to the Audit Committee.
2. The Audit Committee shall report to the Board periodically on the Audit Committee's activities.

IV. OUTSIDE ADVISORS

The Audit Committee shall have the authority to engage outside counsel and other outside advisors as it deems appropriate to assist the Audit Committee in the performance of its functions. The Corporation shall provide appropriate compensation for such advisors as determined by the Audit Committee.

V. MEMBERSHIP

The Audit Committee shall consist of such number of directors, in no event to be less than three, as the Board may from time to time by resolution determine. The members of the Audit Committee shall meet the independence test and other membership requirements under applicable laws, rules and regulations and listing requirements as determined by the Board.

VI. AUDIT COMMITTEE CHAIR

The Audit Committee Chair shall be appointed by the Board. The Audit Committee Chair leads the Audit Committee in all aspects of its work and is responsible to effectively manage the affairs of the Audit Committee and ensure that it is properly organized and functions efficiently. More specifically, the Audit Committee Chair shall:

- A. Provide leadership to enable the Audit Committee to act effectively in carrying out its duties and responsibilities as described elsewhere in this Charter and as otherwise may be appropriate;
- B. In consultation with the Board Chair, the Lead Director and the CEO, ensure that there is an effective relationship between management and the members of the Audit Committee;
- C. Chair meetings of the Audit Committee;
- D. In consultation with the Board Chair, the Lead Director, the Corporate Secretary and the Executive Officers, determine the frequency, dates and locations of meetings of the Audit Committee;
- E. In consultation with the CEO and CFO review the annual work plan and the meeting agendas to ensure all required business is brought before the Audit Committee to enable it to efficiently carry out its duties and responsibilities;
- F. Ensure, in consultation with the Board Chair, that all items, requiring the Audit Committee's approval, are appropriately tabled;
- G. Ensure the proper flow of information to the Audit Committee and review, with the Executive Officers and the Corporate Secretary the adequacy and timing of materials in support of management's proposals;
- H. Report to the Board on the matters reviewed by, and on any decisions or recommendations of, the Audit Committee at the next meeting of the Board following any meeting of the Audit Committee; and
- I. Carry out any special assignments or any functions as requested by the Board.

VII. TERM

The members of the Audit Committee shall be appointed or changed by resolution of the Board to hold office from the time of their appointment until the next annual general meeting of the shareholders or until their successors are so appointed.

VIII. PROCEDURES FOR MEETINGS

Meetings of the Audit Committee may be called by any member of the Audit Committee or the Corporation's external auditor. Audit Committee shall fix its own procedure at meetings and for the calling of meetings. The Audit Committee will meet at least each quarter and otherwise as necessary. The Audit Committee shall meet separately in an executive session, in the absence of management and the external auditor, at each regularly scheduled meeting. The Audit Committee will also meet with the external auditor without management being present.

IX. QUORUM AND VOTING

Unless otherwise determined from time to time by resolution of the Board, two members of the Audit Committee shall constitute a quorum for the transaction of business at a meeting. For any meeting(s) at which the Audit Committee Chair is absent, the Chair of the meeting shall be the person present who shall be decided upon by all members present. At a meeting, any question shall be decided by a majority of the votes cast by members of the Audit Committee, except where only two members are present, in which case any question shall be decided unanimously.

X. SECRETARY

Unless otherwise determined by resolution of the Board, the Corporate Secretary of the Corporation or his/her delegate shall be the Secretary of the Audit Committee.

XI. VACANCIES

Vacancies at any time occurring shall be filled by resolution of the Board.

XII. RECORDS

The Audit Committee shall keep such records as it may deem necessary of its proceedings and shall report regularly its activities and recommendations to the Board as appropriate.

XIII. REVIEW OF CHARTER

The Committee will, from time to time, review and assess the adequacy of this Charter and recommend any proposed changes for consideration. The Board may amend this Charter, as required.