

4FRONT VENTURES

THE BENEFITS OF BATTLE TESTED

April 2019



Cautionary Note Regarding Forward-Looking Information

This investor presentation dated November 28, 2018, contains certain “forward-looking information” or “forward-looking statements” as defined under applicable securities laws (collectively, “forward-looking information”) that involve a number of risks and uncertainties. Forward-looking information includes all statements that are predictive in nature or depend on future events or conditions. Forward-looking information can often be identified by forward-looking words such as “will”, “could”, “should”, “may”, “anticipates”, “believes”, “expects”, “plans”, “intends”, “estimates”, “potential”, and similar expressions. Statements regarding the operations, business, financial condition, priorities, ongoing objectives and outlook of Cannex Capital Holdings Inc. (“Cannex”), 4Front Holdings LLC (“4Front”) and the combined company, other than statements of historical fact, constitute forward-looking information.

Forward-looking information is not a guarantee of future performance and should not be unduly relied upon. Forward-looking information reflects the analysis of the management of the parties only as of the date hereof, and which by its nature involves numerous assumptions, inherent risks and uncertainties, both general and specific, that contribute to the possibility that the predictions and various future events will not occur. The parties do not undertake any obligation to release publicly the results of any revision to the forward-looking information unless otherwise required by applicable law.

This presentation also includes forward-looking information relating to:

- the interim agreement between the parties dated November 25, 2018 (the “Interim Agreement”) and the timing for completing the definitive agreement;
- the proposed acquisition of the 4Front common shares by Cannex and the business, operation and financial performance and condition of the combined company (the “Transaction”);
- synergies and financial impact of the Transaction; and
- the growth in the combined company’s market share, and such is based on current expectations and beliefs concerning future developments and their potential effects on Cannex, 4Front and the combined company.

Assumptions, including among other things, that the shareholders of Cannex will approve the business combination, that all regulatory approvals will be obtained, and that all of the conditions to the completion of the business combination will be satisfied or waived, have been made. Although it is believed that the expectations and assumptions are reasonable, there can be no assurance that the forward-looking information included herein will prove to be accurate. Forward-looking information is subject to a number of known and unknown risks and uncertainties (some of which are beyond the control of the parties) and other factors that could cause actual results or performance to be materially different from those expressed or implied by such forward-looking information.

Factors that could cause actual results to differ materially from any forward-looking information include, but are not limited to:

- the ability of each party to satisfy all of the conditions to complete the Transaction;
- the possibility that the Cannex shareholders do not approve the Arrangement;
- that all regulatory approvals will not be obtained and all other conditions to completion of the Transaction will not be satisfied or waived;
- the business of Cannex and 4Front not being integrated successfully or such integration proving more difficult, time consuming or costly than expected;
- capital requirements;
- delays in obtaining or inability to obtain additional financing, if required, on commercially suitable terms; and
- changes in national, state and local government legislation in the United States.

Cautionary Note Regarding Forward-Looking Information

These factors are not intended to represent a complete list of the general or specific factors that could affect the parties and the combined company after giving effect to the transactions contemplated by the business combination. Further details on key risks in respect of Cannex can be found in Cannex’s disclosure documents filed with securities regulators and available at www.sedar.com.

Market and Industry Data

This presentation includes market and industry data that has been obtained from third party sources, including industry publications. The parties believe that the industry data is accurate and that the estimates and assumptions are reasonable, but there is no assurance as to the accuracy or completeness of the data. Third party sources generally state that the information contained therein has been obtained from sources believed to be reliable, but there is no assurance as to the accuracy or completeness of included information. Although the data is believed to be reliable, the parties have not independently verified any of the data from third party sources referred to in this presentation or ascertained the underlying economic assumptions relied upon by such sources.

Securities Laws

This presentation is for informational purposes and does not constitute an offer or a solicitation of an offer to purchase the securities referred to herein. The shares of Cannex and 4Front have not been and will not be registered under the United States Securities Act of 1933, as amended.

The proposed business combination of 4Front Holdings and Cannex Capital is anticipated to be complete in Q2 2019. The resulting issuer will be named 4Front Ventures.



OPPORTUNITY

4FRONT & CANNEX AT A GLANCE

- Three business divisions
 - **Brightleaf – cultivation and manufacturing**
 - **Mission – retail**
 - **4Front – business strategy and development**
- Battle-tested capabilities
- Aligned, strategic leadership team
- Aggressive yet disciplined approach to growth and execution

OPPORTUNITY




THE EVOLUTION OF CANNABIS IN THE CAPITAL MARKETS

EARLY STAGE

- “Funded capacity”
 - Management resumes
- 

CURRENT

- License portfolio
 - Total Addressable Market (TAM)
- 

MONOPOLY

MOVING FORWARD

- Operating metrics
 - Execution
 - Scalable capabilities
- 

Risk

LAND GRABS & PURE ACCUMULATION OF ASSETS LACKS FOCUS

OPERATIONS MATTER

BATTLE-TESTED OPERATING CAPABILITIES

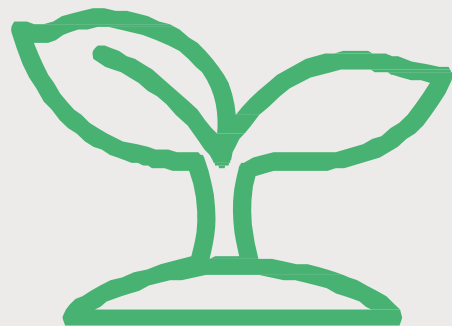
- Cultivation
 - Consistent demonstrated **yields at scale** at two 60,000 sq. ft. facilities
- Manufacturing
 - Full breadth of product capturing **significant market share** in one of the most competitive markets
- Retail
 - Opened dispensaries in **five states** with heavy investment in training
- Regulatory
 - Regulatory team has won more than **60** operating licenses*

*on behalf of 4Front and clients

A LEADER IN CULTIVATION

Cannex's key licensee and tenant in Washington, Northwest Cannabis Solutions (NWCS), was founded by Cannex COO Leo Gontmakher, and is one of Washington State's largest cannabis cultivators and producers. It currently employs more than 190 people and has an annual sales run rate of approximately \$35 - 40 million.

NWCS grows and sells top-selling flower brands in Washington



- Two 60,000 sq. ft. facilities in Tumwater and Elma, each with 30,000 sq. ft. of flowering canopy
- Total capacity of 19,000kg/year
- 2017 production of \approx 8,000kg
- 2018 production of \approx 18,000kg
- Yields in Tumwater of $>300\text{g/sq. ft.}$ (version 1.0)
- Yields in Elma of $>400\text{g/sq. ft.}$ (version 2.0)

Complex Workflow at Scale

NWCS leads with approximately 8% market share in a highly competitive market*



OPERATIONS MATTER DIVERSE PRODUCT MIX



VALUE - BASED BRANDS

VERDURE™



Magic Kitchen
COOKIES



Mari's
BRAND

MARMAS™

CRYSTAL ▼ CLEAR™

HI-BURST™

Magic Kitchen
KOKO GEMZ

Magic Kitchen
BROWNIE BITES



Magic Kitchen
PEBBLES



TERP ▼ STIX™
INFUSED WITH CRYSTAL CLEAR DISTILLATE

EZ VAPE

LEGENDS
X

MINI
BUDZ™

OPERATIONS MATTER

A LEADER IN RETAIL

A customer-centric retail model

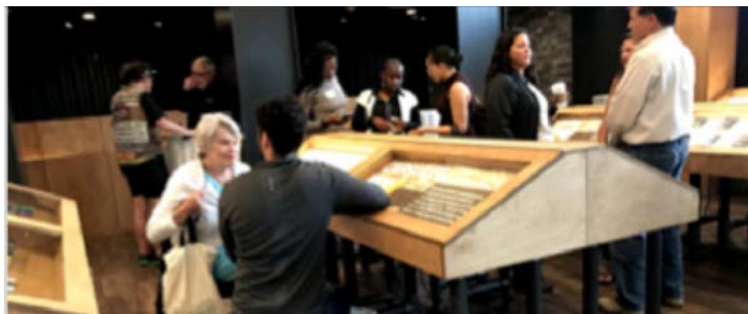
MISSION



OPERATIONS MATTER

CULTURE & TRAINING UNDERPIN RETAIL

4Front prioritizes people & community building



Allentown, PA



Chicago, IL



Boston, MA



Georgetown, MA

MISSION

- **4Front has developed a scalable retail** model that includes industry-leading best practices and operations manuals, which are fully digitized for training and continuing education purposes.
- **Mission employees are valued members** of the 4Front family and are provided with the resources and training necessary to create a true sense of purpose.
- **Mission dispensaries boast open, transparent, inviting settings** where guests feel comfortable seeking information, connection, and community.
- **Mission dispensaries support multiple sales channels**, including both online and in-person, to fulfill customer orders and needs.

SIGNIFICANT RECREATIONAL- LEANING ASSET BASE

- MA, IL, CA & MI in particular
- Building capacity and bench strength to support increasing scale
- Operational efficiency at scale in multiple markets is our priority

Visible Licensees	Cultivating and processing	Retail
Washington	3	0
Illinois	1	1
Michigan	1	1
California	1	0
Massachusetts	2	6*
Maryland	0	4**
Pennsylvania	0	3
Arizona	1	1
Total	9	16


*4Front owns three licensed dispensary operations in Massachusetts, and has brand licensing and consulting agreements in place with several additional license holders
 **4Front owns one dispensary operation in Maryland, and has brand licensing and management and consulting agreements in place with several additional local license holders.



A PERFECT MATCH

IMMEDIATE BENEFITS OF MERGER

This merger provides an immediate opportunity to apply Cannex’s cultivation and production capabilities in two nascent markets – Illinois and Massachusetts – where 4Front has existing cultivation facilities with significant expansion capacity.



TUMWATER & ELMA, WA

- Combined 60,000 sq. ft. of canopy. Validated yields of over 400g per sq. ft. at scale at Elma facility.



CHICAGO, IL

- 94,000 sq. ft. building
- 4,300 sq. ft. canopy with opportunity to expand to 46,000 sq. ft.



WORCESTER, MA

- 21,000 sq. ft. building
- 5,700 sq. ft. canopy with opportunity to expand to 7,700 sq. ft.

GEORGETOWN, MA

- 78,000 sq. ft. building
- 10,000 sq. ft. canopy with opportunity to expand to 34,000 sq. ft.

WHY CANNEX & 4FRONT? – WORKING TOGETHER - A PERFECT MATCH

We are a Complete Complement of Assets & Talent



EXPERIENCED & PROVEN MANAGEMENT



Josh Rosen
CEO, 4Front

Josh spent 13 years as an equity analyst and portfolio manager in the financial services industry, during which time he became one of the youngest vice presidents in Credit Suisse's history.



Leo Gontmakher
COO, Cannex

Experienced cannabis operations professional; co-founder of Northwest Cannabis Solutions. Formerly senior management at North America's largest processor and distributor of specialized seafood products.



Andrew Thut
CFO, 4Front

Andrew brings to the team a wealth of financial-management experience and business acumen. Prior to his role at 4Front, Andrew was managing director of the BlackRock Small Cap Growth Fund at BlackRock Advisors LLC



David Croom
CFO, Cannex

Formerly CEO of Open Ocean Ventures, a Seattle-based company that provides project management, infrastructure and business services solutions to a broad range of industry leaders. David previously held senior accounting and comptroller positions at Cray Supercomputers, Microsoft, Amazon and Chevron.

EXPERIENCED & PROVEN MANAGEMENT



Leise Rosman

COO, 4Front

Regulatory and licensing expert who's been with 4Front since 2011. As managing partner of 4Front Advisors, Leise has helped win more than 60 operating licenses on behalf of clients.



Glenn Backus

President, Mission

Glenn is an accomplished retail executive with a unique combination of operations and product development experience. He previously served as Vice President of Buying at Trader Joe's, leading teams across national and regional categories.



Kris Krane

President, 4Front

Prior to forming 4Front, Kris served as director of client services for CannBe, a pioneer in developing best practices within the medical cannabis industry. Kris has dedicated his career to reforming the nation's misguided drug policies, having served as associate director of NORML from 2000 to 2005 and executive director of Students for Sensible Drug Policy from 2006



Anthony Dutton

Director & CEO, Cannex

Anthony has significant public market, corporate finance and business development experience. Co-Founder, CEO and President of IBC Advanced Alloys (TSXV:IB); Director of Trakopolis IIoT Corp. (TSXV:TRAK). BA (Econ.), MBA.

CAPITAL STRUCTURE

CANNEX CAPITAL – 4FRONT MERGER PRO FORMA



Cannex Shares I/O	Cash (CAD)	Price	Shares
Common			91,603,781
Class A - Convert to Common			96,521,734
Basic I/O			188,125,515
4Front Transaction			
Resulting Issuer Shares Issued to 4Front			324,431,084
Pre Transaction Acquisitions			16,100,120
			340,531,204
Total As-Converted Common Shares Post-Merger			528,656,719
Dilutives			
Share Purchase Options (average strike price shown)	\$ 14,155,476	\$ 0.70	20,222,109
Cannex Subscriber Warrants (Unit PP)	\$ 36,164,904	\$ 1.50	24,109,936
Agent Warrants	\$1,652,279	\$1.00	1,652,279
Compensation Warrants	\$2,389,391	\$0.70	3,413,416
Gotham Green Warrants (average strike price shown)	\$ 22,949,999	\$ 1.70	13,521,328
Gotham Green Convertible Notes			38,554,217
Total	C\$ 77,312,050		101,473,285
Total Fully Diluted Common & Class A Post-Merger			630,130,004

POISED TO CAPITALIZE ON HIGH GROWTH INDUSTRY

4Front is committed to prioritizing battle-tested capabilities, finding and developing great people, and transparent and principled governance



Source: Market size based on Brewers Association (beer), Park Street (wine and spirits), Ackrell Capital (coffee), Cowen Group (cannabis). Penetration rates based on Panel Data (beer), Park Street (wine and spirits), Ackrell Capital (coffee), and Cowen Group (cannabis). Penetration defined as percentage of adults consuming respective product in the past year.

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