



## INVESTOR’S UPDATE – November 2018

Dear Valued Shareholder,

Further to the joint News Release issued by Pacific West Canopy Holdings Ltd. and Loon Energy Corp. dated October 26, 2018 we provide this additional update.

### BACK GROUND

Pacific West Canopy Ltd. is a JV Partner with Agro-Greens Natural Products Ltd., a Licensed Producer based in Saskatchewan, Canada. Agro-Greens has issued PacWest an Extended Site License through Health Canada’s Licensing Program and is a full ACMPR Licence. Currently, 99% of the JV is controlled by PacWest, with the remaining 1% being transferred upon receiving a License to Distribute.

### CORPORATE RE-STRUCTURE

In order to deliver our project and to strategically position our company to take advantage of the numerous opportunities in the Cannabis sector, PacWest has reorganized its corporate structure.

PacWest has established 3 fully owned subsidiaries: PacWest Technology Ltd., Pacific West Canopy Retail Ltd., and Pacific West Canopy International Ltd. which forms the basis of PacWest’s 3 Pillar Strategy.



UNITED STATES PATENT AND TRADEMARK OFFICE		INTELLIGENT PROPERTY OFFICE	
INVENTOR	CLASSIFICATION	FILE NO.	CONFIRMATION NO.
62716737	06/09/2018	140	399,111
<b>CONFIRMATION NO. 399,111</b> <b>FILING RECEIPT</b> 			
97599 David P. Law 43 Macpherson Street Nanaimo, BC V9R 2G3 CANADA Date Mailed: 09/13/2018			
<p>Receipt is acknowledged of this provisional patent application. It will not be examined for patentability and will become abandoned not later than twelve months after its filing date. Any correspondence concerning the application must include the following identification information: the U.S. APPLICATION NUMBER, FILING DATE, NAME OF APPLICANT, and TITLE OF INVENTION. Fees transmitted by check or draft are subject to collection. Please verify the accuracy of the data presented on this receipt. If an error is noted on this Filing Receipt, please submit a written request for a Filing Receipt Correction. Please provide a copy of this Filing Receipt with the changes noted thereon. If you received a "Notice by the Missing Parts" for this application, please submit any corrections to this Filing Receipt with your reply to the Notice. When the USPTO processes the reply to the Notice, the USPTO will generate another Filing Receipt incorporating the requested corrections.</p>			
<b>Inventor(s)</b> Darling, SCHEAL, Sunny, CANADA; Phil FLOUQUAULT, Duncan, CANADA.			
<b>Applicant(s)</b> Pacific West Canopy Technology Ltd., Vancouver, CANADA.			
<b>Power of Attorney:</b> Stephen Dunn, 60507			
<b>Permission to Access Application via Priority Document Exchange:</b> Yes			
<b>Permission to Access Search Results:</b> Yes			
Applicant may provide or restrict an authorization for access using Form PTO/SB/29 or Form PTO/SB/69 as appropriate.			
<b>If Required, Foreign Filing License Granted:</b> 09/12/2018			
The country code and number of your priority application, to be used for filing abroad under the Paris Convention, is US 62716737.			
<b>Projected Publication Date:</b> None, application is not eligible for pre-grant publication.			
<b>Non-Publication Request:</b> No			
<b>Early Publication Request:</b> No			
<b>"SMALL ENTITY"</b>			
page 1 of 3			

## PacWest Technologies Ltd.

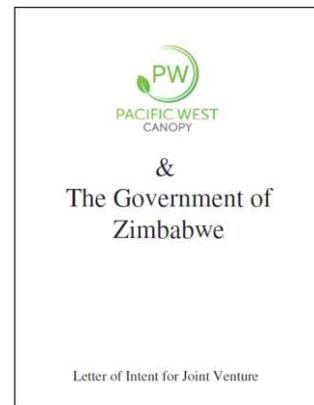
**PacWest Technology was established to cement a footprint in the growing area of Cannabis-related technologies.**

- Pacific West Canopy Technologies Ltd. was issued US Provisional Patent Application No. 62716737 for a handheld extraction device which will process any biomass into a dose-specific oil extract.
- PacWest is currently pursuing the development of this technology through a university collaboration and will consider industry alternatives for such development.
- PacWest is currently pursuing other technologies related to our sector and will aggressively seek to develop and/or acquire intellectual property to add to a growing portfolio.

## PacWest International Ltd.

**PacWest International was established to develop international supply agreements as channels for product distribution and to partner with low-cost producers of medical cannabis extracts for international export.**

- Pacific West Canopy International Ltd. has partnered with affiliates of Mexx Global (<http://www.mexx-global.com/>), a multi-billion dollar corporation, whom are leveraging their relationships at the state level to facilitate joint-venture partnerships with state entities to bring Foreign Direct Investment and PacWest expertise to emerging countries seeking to legalize the medicinal use of cannabis and hemp products and export such products.
- PacWest has entered into a LOI to establish a JV with the Government of Zimbabwe, whereby PacWest will control 51% of the JV and will oversee the construction of a production facility, cultivation and international sale of cannabis and hemp product. Land, license, security and proportional capital funding will be contributed by the JV partners.





HANG TIGHT - WE'LL GET YOU IN SHORTLY

## PacWest Retail Ltd.

**PacWest Retail was established for PacWest vertical integration. From Seed to Sale.**

- Pacific West Canopy Retail Ltd. has applied for 3 retail locations in Alberta, which have received municipal support.
- BC and Ontario retail applications are currently being drafted and will be submitted at the end of 2018 Q4.

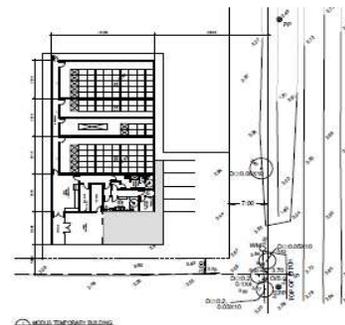
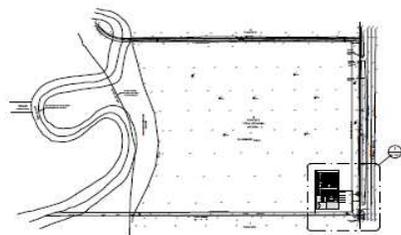
## Construction Update

Construction in Mission, B.C. continues with the necessary ground-works complete, security fencing installed and storage units on-site in anticipation of receiving delivery of production equipment.

The excavation for the build's foundation is scheduled to commence in early December, with Omicron scheduled to be onsite to oversee the build and delivery of our growing units and equipment.

We expect Modus Structure modular units to be delivered in late Q4 2018 – early Q1 2019.

In Olds, Alberta we have received our development permits and will now proceed to secure the necessary Health Canada License to commence the build out of a processing facility. AE Engineering has completed initial work on the property and work on an access road and electrical upgrades are under approval process with Sundial's neighbouring property.



Project Status	
PACWEST FACILITY	A-1.0.1

## Market Update

On October 17th 2018, Canada became the second country to legalize recreational usage of cannabis. According to a recent report by Grand View Research, the global market for legal marijuana is expected to reach US \$146.4bn by 2025 and is expected to grow at a CAGR of 24.9% between now and then. The Canadian market, alone, is expected to grow at a CAGR of 66.8% during this time period. Continued growth is encouraged through further legalization as well as increased acknowledgement of the medicinal benefits of cannabis, including: chronic pain, mental disorder, cancer, ADHD, Alzheimer's, and a variety of other diseases.

Similar to the market frenzy of the dot.com days, 2018 has been a rollercoaster year for the cannabis sector. Q1 saw share prices coming off drastically, and, subsequently, heading into Q3, a significant increase in share price for many cannabis stocks after the \$4bn investment by Constellation Brands into Canopy. Constellation's investment proved long term viability in the cannabis space and set the pace for other cannabis players to receive potential strategic investment from outside the sector.

More recently, since October 17th, stock prices have come off mainly due to unjustified valuations outpacing earnings. Investors are seeing that cannabis companies are not earning the sorts of multiples that they are trading at, which are typically 20-45x EBITDA versus other "sin" stocks, such as those in the alcohol and tobacco fields, which, generally, trade at between 10-14x EBITDA and are more stable.

Furthermore, many of these companies have been initially only focused on Canadian operations, limiting their growth footprint and because many of these companies are just growers, investors are seeing that the earnings potential is capped. Also, demand has outstripped supply for the Canadian market and because of this, LPs are unable to meet the needs of their customers. Much of this demand has been capped by the government and as a result, investors won't believe that the market is converting to legalization as quickly as anticipated. Earnings have not met initial expectations and stock prices have come off.

However, as more cannabis companies diversify their business models, to include technology, intellectual property and international expansion, and as the recreational and medical markets expand to include the "picks & shovels" as well as the edibles industry, higher valuations will be placed on these players as they begin to show corresponding earnings.

As PacWest heads into Q1 2019, the Company is positioning itself to gain LP status to take advantage of both the medicinal and recreational markets. The LP status should provide PacWest with a substantial increase in valuation as the Company will be able to take advantage of Access to Cannabis for Medical Purposes (ACMPR) as well as become a player in the growing recreational market. PacWest intends on pursuing opportunities to sell oils, buds, and tinctures and eventually, into the edible market.

## License Update

PacWest Canopy has received the necessary approvals from Health Canada to proceed with the construction phase of our production facility. Once construction of the 6,700 sq. ft. modular facility is completed, PacWest will be supplying Health Canada photographic and video evidence of the facility. This evidence is required by Health Canada to verify all growing equipment has been installed to Health Canada and GMP standards. After Health Canada has reviewed and approved the build based on the evidence provided, PacWest will receive its cultivation license. Concurrently, PacWest is moving forward with the full Phase build-out.



## Public Listing Update

PacWest recently announced an Amalgamation with a publicly listed company, Loon Energy Corp. PacWest shareholder's will be presented the terms of the agreement, as well as other matters, at an upcoming Shareholder's Meeting for their approval. A Notice of Meeting will be sent to our shareholders 30 days prior to the meeting, and will include transaction details, audited financials including Management Discussion and Analysis, as well as an Information Circular. This Information Circular will include the necessary information shareholders require to receive their personal share certificates for the Publicly Listed Company.

## Head Office Relocation

To facilitate the delivery of our project, and to tap into Calgary's experienced and skilled professionals, we have relocated our head office from B.C. to Calgary, Alberta. The added advantage is a closer proximity to our largely Alberta-based shareholders.

We have temporarily leased space at **330 5th Ave SW** in downtown Calgary, however, have offered to lease a space close to YYC in which we can establish and grow our business and culture.

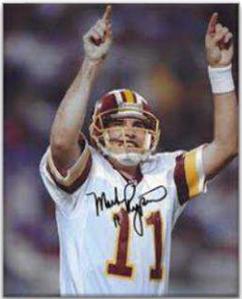




## Our People

Pacific West Canopy Ltd. understands that any company is only as strong as the people behind it.

- Dr. Andrew Riseman is an Associate Professor at the University of British Columbia and is a pivotal component of PacWest. Dr. Riseman has extensive growing expertise, access to human capital within this field as well as the resources of one of the leading research universities in North America.
- Mark Rypien is a Superbowl Champion, Superbowl MVP, and former coach of the Washington Redskins. He is also a renowned advocate of medicinal CBD product use. He has also been added to our Board of Directors.
- We are also excited to welcome JT Thompson as our new Chief Operating Officer. JT has over 20 years' operational experience with an extensive background in budgeting, creating and protecting Intellectual Property, branding, marketing, and sales. JT will also implement a Shareholder's Communication Plan to improve our external communications in the constantly changing landscape of the Cannabis Industry.



## Shareholder Feedback

We are currently in the process of developing our branding and marketing strategies for our various Medicinal and Recreational Cannabis Products. We will be designing one brand for Recreational Products and a separate brand of our Medicinal Products, which we hope will have international distribution. We invite all our shareholders to put forward any ideas, suggestions, and thoughts on these brand names, as well as any other matters.

Please submit to [info@pacwestcanopy.com](mailto:info@pacwestcanopy.com) and please remember we can always be reached at 1.888.426.9333 (WEED).

## FORWARD-LOOKING STATEMENT

This Investor's Update contains certain information that may constitute "forward-looking information" within the meaning of Canadian securities laws and forward-looking statements within the meaning of U.S. federal securities laws, both of which the Corporation refers to as forward-looking information. Forward-looking information can be identified by the use of terms such as "may", "will", "should", "expect", "plan", "anticipate", "believe", "intend", "estimate", "predict", "potential", "continue" or other similar expressions concerning matters that are not statements about the present or historical facts. Forward-looking information in this Investor's Update includes, but is not limited to, information or statements about: the business model and illustrations; the Company's strategy, future operations, prospects and the plans of management; the design, regulatory plan, timeline, costs and results of cannabis licensing and production; the timing of future meetings and discussions with Health Canada and other regulatory bodies; planned regulatory filings, and the timing thereof; anticipated marketing advantages and product differentiation of and its potential to become a licensed producer; the Company's estimates of the size of the potential market, potential for market expansion, and the rate and degree of market acceptance, and the Company's ability to serve such market; the Company's strategy and ability to develop, commercialize and distribute in international markets; the Company's ability to complete business development, marketing and other commercialization activities and the estimated timing thereof; the Corporation's sales, distribution and marketing strategy; the Corporation's intention and ability to obtain and maintain regulatory approvals, the timing and costs of obtaining same; the success of competing products that are or become available; the potential for commercial opportunities in various geographies and indications, including co-development and/or marketing partnerships and possible licensing and partnership opportunities, and the benefits to be derived from such commercial opportunities; and the Company's preferred strategy to commercialize through strategic partnerships.

Although the forward-looking information in this Investor's Update is based upon what the Company believes are reasonable assumptions, no person should place undue reliance on such information since actual results may vary materially from the forward-looking information. In addition, forward-looking information in this Investor's Update is subject to a number of known and unknown risks, uncertainties and other factors, many of which are beyond the Company's control, that could cause the Company's actual results and developments to differ materially from those that are disclosed in or implied by the forward-looking information. Consequently, all the forward-looking information in this Investor's Update is qualified by this cautionary statement and there can be no guarantee that the results or developments that the Company anticipates will be realized or, even if substantially realized, that they will have the expected consequences or effects on the Company's business, financial condition or results of operations. Accordingly, you should not place undue reliance on the forward-looking information. Except as required by applicable law, the Company does not undertake to update or amend any forward-looking information, whether as a result of new information, future events or otherwise. All forward-looking information is made as of the date of this Investor's Update.