Khiron Life Sciences Corp.

ANNUAL INFORMATION FORM

FOR THE YEAR ENDED DECEMBER 31, 2021

DATED April 29, 2022

TABLE OF CONTENTS

ABOUT THIS ANNUAL INFORMATION FORM 3

CAUTIONARY NOTES 3

DEFINITIONS AND GLOSSARY OF TERMS 5

CORPORATE STRUCTURE 8

GENERAL DEVELOPMENT OF THE BUSINESS 10

DESCRIPTION OF THE BUSINESS 17

RISK FACTORS 39

DIVIDENDS AND DISTRIBUTIONS 56

DESCRIPTION OF CAPITAL STRUCTURE 56

MARKET FOR SECURITIES 58

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER 58

DIRECTORS AND OFFICERS 59

LEGAL PROCEEDINGS AND REGULATORY ACTIONS 62

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS 62

TRANSFER AGENTS AND REGISTRARS 62

MATERIAL CONTRACTS 63

INTERESTS OF EXPERTS 63

AUDIT COMMITTEES AND CORPORATE GOVERNANCE 63

ADDITIONAL INFORMATION 65

APPENDIX 1: Audit Committee Charter

SCHEDULE “A” Khiron Licenses, Certifications and Market Approvals

SCHEDULE “B” Khiron Cannabis Strains and Registration Status

ABOUT THIS ANNUAL INFORMATION FORM

In this annual information form ("**AIF**" or "**Annual Information Form**"), unless the context otherwise requires, the "**Corporation**" or "**Khiron**" refers to Khiron Life Sciences Corp. together with its subsidiaries, on a consolidated basis. References to "Adent" refer to the Corporation prior to the completion of the QT (as defined herein). All financial information in this Annual Information Form is stated in Canadian dollars, unless otherwise indicated.

This AIF applies to the business activities and operations of the Corporation for the year ended December 31, 2021. Unless otherwise indicated, the information in this AIF is given as of December 31, 2021**.**

This AIF contains company names, product names, trade names, trademarks and service marks of the Corporation and other organizations, all of which are the property of their respective owners.

CAUTIONARY NOTES

Forward-Looking Statements

This AIF contains forward-looking statements or information (collectively "**forward-looking statements**") which are based upon the Corporation's current internal expectations, estimates, projections, assumptions and beliefs. The forward-looking statements are contained principally in the sections titled "*Description of the Business*" and "*Risk Factors*".

Forward-looking information can often be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" suggesting future outcomes, or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. The Corporation has based these forward-looking statements on current expectations and projections about future events and financial trends that they believe may affect the Corporation's financial condition, results of operations, business strategy and financial needs, as the case may be. While the Corporation considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect.

Forward-looking statements include, among other things, statements relating to:

- the Corporation's business objectives and milestones and the anticipated timing of execution;
- the accretive benefits to the business of the Corporation of any recently completed and proposed transaction involving the Corporation;
- the performance of the Corporation's business and operations;
- the intention to grow the business, operations and potential activities of the Corporation;
- the competitive and business strategies of the Corporation;
- the Corporation's anticipated operating cash requirements and future financing needs; the anticipated future gross revenues and profit margins of the Corporation's operations;
- the Corporation's expectations regarding its revenue, expenses and operations;
- the Corporation's expectations regarding its revenue (including anticipated growth in revenues generally, and, specifically, anticipated growth in service revenues and cannabis prescriptions due to the anticipated expansion in Peru and Mexico, anticipated growth in cannabis revenues, expenses and costs and operations,;
- the Corporation's intention to build a brand and develop cannabis products and cosmetics targeted to specific segments of the market;
- the ongoing and proposed expansion of the Corporation's facilities, services, including expansions to it facilities, and their costs;
- the current political, legal and regulatory landscape surrounding medical and recreational cannabis and expected developments in any jurisdiction in which the Corporation operates or plans to operate;
- the applicable laws, regulations and any amendments thereof;
- medical benefits, viability, safety, efficacy and dosing of cannabis;

- the Corporation's Colombian and international expansion plans and its international expansion plans outside Colombia;
- expectations with respect to the advancement and adoption of new product lines and ingredients;
- the acceptance by customers and the marketplace of new products and solutions;
- ability to attract new customers and develop and maintain existing customers;
- ability to identify and maintain suppliers of active cannabis and non-cannabis materials in the jurisdictions in which it operates or plans to operate;
- expectations with respect to future production costs and capacity;
- expectations with respect to the renewal and/or extension of the Corporation's permits and licenses;
- the ability to protect, maintain and enforce the Corporation's intellectual property rights;
- ability to successfully leverage current and future strategic partnerships and alliances;
- the ability to attract and retain personnel;
- anticipated labour and material costs;
- the Corporation's competitive condition and expectations regarding competition, including pricing and demand expectations and the regulatory environment in which the Corporation operates;
- anticipated trends and challenges in the Corporation's business and the markets and jurisdictions in which the Corporation operates;
- the continued impact of the COVID-19 pandemic on the Corporation and disruptions to its operations; and
- the Corporation's plans and expectations regarding its responses to the ongoing COVID-19 pandemic and the subsequent variants.

These statements are not historical facts but instead represent only the Corporation's expectations, estimates and projections regarding future events. These statements are not guarantees of future performance and involve assumptions, risks and uncertainties that are difficult to predict. Therefore, actual results may differ materially from what is expressed, implied or forecasted in such forward-looking statements. Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under "Risk Factors" and in other documents incorporated by reference in this AIF. Management provides forward-looking statements because it believes they provide useful information to readers when considering their investment objectives and cautions readers that the information may not be appropriate for other purposes. Consequently, all of the forward-looking statements made in this AIF and in documents incorporated by reference in this AIF are qualified by these cautionary statements and other cautionary statements or factors contained herein, and there can be no assurance that the actual results or developments will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, the Corporation. These forward-looking statements are made as of the date of this AIF and the Corporation assumes no obligation to update or revise them to reflect subsequent information, events or circumstances or otherwise, except as required by law.

Certain of the forward-looking statements contained herein concerning the medicinal cannabis, extracts and cosmetic industry, the general expectations of the Corporation related thereto, and the Corporation's business and operations are based on estimates prepared by the Corporation using data from publicly available sources, as well as from market research and industry analysis and on assumptions based on data and knowledge of this industry which the Corporation believes to be reasonable. However, although generally indicative of relative market positions, market shares and performance characteristics, such data is inherently imprecise. While the Corporation is not aware of any misstatement regarding any data presented herein, the current medical marijuana, extracts and cosmetic industry involve risks and uncertainties and are subject to change based on various factors. It is not possible for management to predict all such factors and to assess in advance the impact of each such factor on the Corporation's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement.

Readers are cautioned that actual future results may differ materially from management's current expectations and the forward-looking statements contained in this AIF are expressly qualified in their entirety by this cautionary statement. Investors should read this entire AIF and any documents incorporated by reference herein and consult their own professional advisers to ascertain and assess the income tax and legal risks and other aspects associated with holding Securities. For a description of material factors that could cause the Corporation's actual results to differ materially from the forward-looking statements in this AIF, please see "*Risk Factors*".

DEFINITIONS AND GLOSSARY OF TERMS

The following is a glossary of certain general terms used in this Annual Information Form.

"**Adent**" means Adent Capital Corp., prior to the completion of the QT;

"**Adent SubCo**" means means 10546534 Canada Ltd., a wholly-owned Subsidiary of Adent incorporated under the CBCA and formed for the purposes of effecting the QT;

"**Affiliate**" means a company that is affiliated with another company as described below:

A company is an "**Affiliate**" of another company if:

(a) one of them is the subsidiary of the other; or

(b) each of them is controlled by the same Person.

A company is **"controlled"** by a Person if:

(a) voting securities of the company are held, other than by way of security only, by or for the benefit of that Person; and

(b) the voting securities, if voted, entitle the Person to elect a majority of the directors of the company.

A Person beneficially owns securities that are beneficially owned by:

(a) a company controlled by that Person; or

(b) an Affiliate of that Person or an Affiliate of any company controlled by that Person;

"ANVISA" means the Brazilian Health Regulatory Agency;

"BCBCA" means the *Business Corporations Act* (British Columbia), and regulations thereunder, as amended;

"Board" means the board of directors of Khiron;

"CBCA" means the *Canada Business Corporations Act*, and regulations thereunder, as amended;

"CBD" means cannabidiol;

"COFEPRIS" means Mexico's Federal commission for the Protection Against Sanitary Risk;

"**Cultivation Facility**" means the fully integrated (cultivation to extraction), GMP compliant facility constructed on the Leased Lands for cultivating High- and Low-THC medicinal cannabis;

"**Dayacann**" means Dayacann SpA;

"**DIGEMID**" means Peru's Directorate General of Drug Supplies and Drugs;

"EU" means the European Union;

"**EU-GMP**" means good manufacturing practices for medicinal products as laid out in Directive 2003/94/EC for medicinal products for human use, which is the minimum standard that a medicines manufacturer must meet in their production processes for medicines intended for the EU market;

February 2019 Offering" is defined at *"General Development of the Business – Events Following the QT"*;

"February 2019 Underwriting Agreement" means the underwriting agreement dated February 12, 2019, between Khiron and Canaccord Genuity Corp. and BMO Nesbitt Burns Inc., as co-lead underwriters and joint bookrunners, together with Cormark Securities Inc., made pursuant to the February 2019 Offering;

"Final Exchange Bulletin" means the TSXV bulletin issued on May 22, 2018, and evidencing the final TSXV acceptance of the QT;

"FNE" means the Colombian National Narcotics Fund (Fondo Nacional de Estupefacientes)

"Free Trade Agreement" means the August 2011 Free Trade Agreement between Canada and Colombia as defined in "*Risk Factors – Risks Relating to the Corporation's Business and Operations – Risks Inherent in Rural Real Estate*";

"GEP" means the Colombian Good Elaboration Practices certified in accordance with the guidelines set out in Decree 2200 of 2005 and INVIMA Resolution 444 of 2008;

"GMP" means the Colombian Good Manufacturing Practices for pharmaceutical laboratories certified in accordance with the guidelines set out in Decree 549 of 2001 and INVIMA Resolution 01087 of 2001;

"High-THC" when used in regard to medicinal cannabis, means psychoactive cannabis containing more than 1% THC;

"HSEQ" means health, safety, environment and quality;

"ICA" means the Colombian Agricultural Institute;

"IFRS" means International Financial Reporting Standards;

"ILANS" means ILANS S.A.S., formerly Jemarz S.A.S., a Subsidiary of the Corporation, jointly owned between the Corporation (78%) and Khiron Colombia (22%), incorporated under the laws of Colombia;

"Insider" if used in relation to an issuer, means:

(a) a director or senior officer of the Corporation;

(b) a director or senior officer of the Corporation that is an Insider or subsidiary of the Corporation;

(c) a Person that beneficially owns or controls, directly or indirectly, voting shares carrying more than 10% of the voting rights attached to all outstanding voting shares of the Corporation; or

(d) the Corporation itself if it holds any of its own securities;

"INVIMA" means the Colombia National Food and Drug Surveillance Institute (Instituto Nacional de Vigilancia de Medicamentos y Alimentos), the Colombian food and drug regulator;

"Khiron" or **"Corporation"** means Khiron Life Sciences Corp. (formerly Adent), a BCBCA corporation;

"Khiron Colombia" means Khiron Colombia S.A.S., a wholly owned Subsidiary of Khiron, incorporated under the laws of Colombia;

"Khiron Europe" means Khiron Europe GmbH, a wholly owned Subsidiary of Khiron, incorporated under the laws of Germany;

"K Life Sciences Uruguay" means K Life Sciences Uruguay S.A. (formerly known as Dormul S.A.), incorporated under the laws of Uruguay, and a wholly owned Subsidiary of NettaGrowth International Inc.,;

"Khiron Peru" means Khiron Peru S.A., a wholly owned Subsidiary of Khiron, incorporated under the laws of Peru;

"**Khiron PrivateCo**" means privately held Khiron Life Sciences Corp., a CBCA corporation, existing prior to the completion of the Amalgamation;

"Khiron Shares" means common shares in the capital of Khiron;

"Leased Lands" means up to seventeen hectares of land in the Municipality of Piedras, in the Department of Tolima, located near Ibagué, 3 hours by road from Bogotá, on which Khiron is cultivating and processing medicinal cannabis, identified with plot certificate 351-2361;

"Low-THC" when used in regards to medicinal cannabis, means non-psychoactive cannabis containing less than 1% THC;

"**May 2019 Offering**" is defined at "*General Development of the Business – Events Following the QT*";

"May 2019 Underwriting Agreement" means the underwriting agreement dated May 10, 2019, between Khiron and Canaccord Genuity Corp. and BMO Nesbitt Burns Inc., as co-lead underwriters and joint bookrunners, together with together with AltaCorp Capital Inc. and Scotia Capital Inc., made pursuant to the May 2019 Offering;

"Ministry of Agriculture" means the Colombian Ministry of Agriculture and Rural Development;

"Ministry of Justice" means the Colombian Ministry of Justice and Law;

"National System of Protected Areas" has meaning given in "*Risk Factors – Risks Relating to the Corporation's Business and Operations – Protected Areas Established by the National System of Protected Areas*;"

"Netta" means NettaGrowth International Inc., a BCBCA corporation, acquired by the Corporation pursuant to the Netta Transaction "*Development of the Business – Events Following the QT*"

"**Netta SPA**" has the meaning given in "*Development of the Business – Events Following the QT – January 1, 2019 – December 31, 2019*";

"**Netta Transaction**" has the meaning given in "*Development of the Business – Events Following the QT – January 1, 2019 – December 31, 2019*";

"NEX" means the NEX board of the TSXV;

"November 2020 Offering" is defined at "*General Development of the Business – Events Following the QT*"

"November 2020 Underwriting Agreement" means the underwriting agreement dated November 13, 2020, between Khiron and Canaccord Genuity Corp. as lead underwriter and sole bookrunner, together with ATB Capital Markets Inc. and Leede Jones Gable Inc., made pursuant to the November 2020 Offering;

"**November 2020 Warrant Indenture**" means the warrant indenture dated November 26, 2020, between Khiron and TSX Trust Company, as warrant agent of all the warrants comprising the units and the compensation units issued in connection with the November 2020 Offering, pursuant to the November 2020 Underwriting Agreement;

"Person" includes a corporation, individual, partnership, trust, fund, an association, syndicate, organization or other organized group of persons, whether incorporated or not, and an individual or other person in its capacity as a trustee, executor, administrator or personal or other legal representative;

"QT" means the reverse takeover of the Corporation (formerly Adent) by Khiron PrivateCo completed May 16, 2018, which constituted the Corporation's 'Qualifying Transaction' pursuant to TSXV policy 2.4.

"RSU" means a restricted share unit of the Corporation issued pursuant to the RSU Plan;

"RSU Plan" means the amended and restated restricted share unit incentive plan of the Corporation approved by shareholders at the meeting held on September 10, 2020;

"Stock Option" means a stock option of the Corporation issued pursuant to the Stock Option Plan;

"Stock Option Plan" means the amended and restated stock option plan of the Corporation approved by shareholders at the meeting held on September 10, 2020;

"Subsidiary" includes, with respect to any person, company, partnership, limited partnership, trust or other entity, any company, partnership, limited partnership, trust or other entity controlled, directly or indirectly, by such person, company, partnership, limited partnership, trust or other entity;

"THC" means tetrahydrocannabinol;

"TQG" means the Colombian Technical Quotas Group;

"**TSXV"** or **"Exchange"** means the TSX Venture Exchange; and

CORPORATE STRUCTURE

Name, Address and Incorporation

The Corporation was originally incorporated under the BCBCA on May 16, 2012 under the name "Adent Capital Corp.", and its common shares were listed for trading on the TSXV under the symbol "ANT.P" on October 23, 2012, as a capital pool company pursuant to TSXV Policy 2.4 – *Capital Pool Companies* (the "**CPC Policy**").

On May 15, 2018, the Corporation changed its name from "Adent Capital Corp." to "Khiron Life Sciences Corp."

On May 16, 2018, the Corporation completed the QT pursuant to the CPC Policy. Following completion of the QT, the Corporation's Shares began trading on the TSXV on May 24, 2018 under the symbol "KHRN".

On August 15, 2018, Khiron Shares commenced trading on the OTCQB® Venture Market under the symbol "KHRNF". Khiron subsequently upgraded to the OTCQX® Best Market on March 26, 2020. Khiron's shares are also traded on the Frankfurt Stock Exchange under the symbol "A2JMZC".

Khiron's registered office is located at 2300-550 Burrard Street, Vancouver, BC, V6C 2B5. The Corporation's telephone number is 705-527-3564 and its corporate website is www.khiron.ca.

Intercorporate Relationships

The following table summarizes the Corporation's corporate structure as at the date of this AIF, including the principal subsidiaries of the Corporation, together with the governing law and the percentage of voting securities beneficially owned by the Corporation.

Subsidiary	Ownership	Jurisdiction
Khiron Life Sciences Corp. (Canada)	100% owned by Khiron Life Sciences Corp. (BC)	Canada
Khiron Colombia S.A.S.	100% owned by Khiron Life Sciences Corp. (Canada)	Colombia
ILANS S.A.S.	78% owned by Khiron Life Sciences Corp. (BC) 22% owned by Khiron Colombia S.A.S.	Colombia
NettaGrowth International Inc.	100% owned by Khiron Life Sciences Corp. (BC)	British Columbia
K Life Sciences Uruguay S.A. (fka Dormul S.A.)	100% owned by NettaGrowth International Inc.	Uruguay
Prosel S.A.	100% owned by K Life Sciences Uruguay S.A.	Uruguay
Khiron Brasil Farmaceutica Ltda.	100% owned by Khiron Life Sciences Corp. (BC)	Brazil
Zerenia Clinic Servicos Medicos Ltda.	100% owned by Khiron Brasil Farmaceutica Ltda.	Brazil
Zerenia Clinic Servicos Medicos Ltda. (Branch Rio de Janeiro)	100% owned by Khiron Brasil Farmaceutica Ltda.	Brazil
Khiron Chile S.p.A.	100% owned by Khiron Life Sciences Corp. (BC)	Chile
Khiron Life Sciences Spain S.L.	100% owned by Khiron Life Sciences Corp. (BC)	Spain
Khiron Life Sciences UK Limited	100% owned by Khiron Life Sciences Corp. (BC)	England and Wales
Zerenia Clinics Limited	100% owned by Khiron Life Sciences Corp. (BC)	England and Wales
Khiron Europe GmbH	100% owned by Khiron Life Sciences Corp. (BC)	Germany
Kuida Life Mexico S.A. de C.V.	99% owned by Khiron Colombia S.A.S. 1% owned by NAS I.P.S.[1]	Mexico
Khiron Peru S.A.	99% owned by Khiron Colombia S.A.S. 1% NAS I.P.S.	Peru
Khiron Life Sciences USA Inc.	100% owned by Khiron Life Sciences Corp. (BC)	Delaware

[1] NAS IPS is 100% owned by Khiron Colombia and is incorporated in Colombia

GENERAL DEVELOPMENT OF THE BUSINESS

Khiron is a vertically integrated medical cannabis company with core operations in Latin America and Europe. Khiron combines a patient-oriented approach, physician education programs, product innovation, and agricultural infrastructure. The Corporation leverages wholly owned medical health clinics and proprietary telemedicine platform to drive medical cannabis prescriptions worldwide. The Corporation has a sales presence in Colombia, Peru, Germany, UK, and Brazil and is positioned to commence sales in Mexico.

The Qualifying Transaction

The Corporation was incorporated on May 16, 2012 pursuant to the BCBCA under the name "Adent Capital Corp." and on May 16, 2018, the Corporation completed a 'Qualifying Transaction' pursuant to the policies of the TSXV. The QT involved, among other things, (i) the amalgamation of the Corporation's wholly-owned Subsidiary, Adent SubCo, and Khiron PrivateCo; (ii) the consolidation of the Corporation's issued and outstanding common shares on an 8 for 1 basis; (iii) the exchange of all of the issued and outstanding securities of Khiron SubCo for securities of the Corporation; (iv) the reconstitution of the Corporation's management and Board; and (v) a change of name of the Corporation. The QT constituted the Corporation's 'Qualifying Transaction' pursuant to the CPC Policy.

As a result of the QT, the Corporation met the listing requirements for a "Tier 2" issuer on the TSXV. On May 22, 2018, Khiron received final listing approval from the TSXV, and the Khiron Shares resumed trading on the TSXV on May 24, 2018 under the new ticker symbol "KHRN". As a result of the QT, the Corporation's financial year end changed from May 31 to December 31.

SUMMARY OF EVENTS FOR THE YEARS 2019 TO CURRENT

January 1, 2022 to April 29, 2022

In January of 2022, the Government of Colombia mandated that every insurance provider in Colombia, is now mandated to cover the costs of high and low THC medical cannabis prescriptions.

In January of 2022, the Corporation opened its fourth Zerenia™ branded medical cannabis clinics in Bogota with a capacity of up to 40,000 consults per year, adding 20% to the existing capacity in Colombia. Located on one of the busiest shopping centers in Bogota and adjacent to referral locations of four of the largest insurance companies in Colombia.

In February of 2022, the Corporation added another clinic location in Peru through a partnership with a specialized pain clinic called Clinica del Dolor ("CDL") to provide medical cannabis treatment access to its over 10,000 chronic pain patient populations.

In March of 2022, the Corporation entered into a partnership in Mexico with Fundación Teleton Mexico AC ("Teleton"), to establish Zerenia™ medical cannabis clinics in Teleton's hospitals and distribute the company products on its pharmacies. The partnership includes training of Teleton's health care practitioners on delivery of medical cannabis.

To date, during the month of April 2022 the Corporation published in the international peer-reviewed journal Frontiers in Pain Research the results of its first clinical study on the use of medical cannabis prescribed to Colombian patients in treating chronic pain. The Corporation also announced that it had opened a new Zerenia™ clinic location and a new retail pharmacy in Colombia.

Following the announcement at the beginning of the year by the Government of Colombia on mandatory insurance coverage for medical cannabis products, Khiron opened a new clinic location in the city of Bogota, with a maximum annual capacity of 40,000 consults per year. The new clinic, located in El Ensueño shopping mall in Bogota´s fastest growing districts with more than 850,000 people, allowed the Corporation to continue is market leadership in Colombia and offer more services to existing and current patients. In addition, the Corporation has opened its first retail pharmacy location within this shopping center. This pharmacy will allow the Corporation to sell medical cannabis products to patients outside its own Zerenia™ network and dispense High and Low THC medical cannabis to insurance companies in the country.

January 2021 – December 2021

In February 2021, the Board approved a grant of an aggregate of 888,298 RSUs to two directors and an officer of the Corporation, in accordance with the terms of the respective agreements governing the RSUs between the Corporation and each individual.

In February 2021, the Corporation also introduced Latin America's first internationally accredited post graduate medical cannabis program, which is hosted in partnership with Mexico's TecSalud School of Medicine and Health Sciences, and provides essential medical cannabis education to practicing doctors, such as the necessary tools for the responsible use and safe prescription of cannabinoids.

In March of 2021, following the successful launch of the Medellin Zerenia™ clinic, the Corporation opened its two additional Zerenia clinics in Cali and Bucaramanga, Colombia, widening the Corporation's national presence.

Also in March of 2021, the Corporation successfully exported its registered cannabis strains, in the form of live clones, from Colombia to Europe, as part of an asset light growth strategy in Europe. The Corporation also commenced sales of Khiron-branded medical cannabis in Germany through its European EU-GMP supply chain, and licensed distribution partner, Nimbus Health GmbH. ("**Nimbus Health**").

In April of 2021, the Corporation received UK Continuing Professional Development ("CPD") accreditation for Khiron Academy, the Corporation's global medical cannabis education platform. The Corporation also entered into a strategic partnership with Cellen Therapeutics, a leader in digital healthcare in the UK and fellow founding member of Project Twenty21, to increase patient access through medical cannabis education. Khiron Academy will be made available to prescribers in the UK that have registered with Cellen's MedCanHub, an emerging education portal.

In May 2021, the Corporation, in partnership with Colombia Cancer League, a leading institution in the provision of oncology services, launched their "Cannabis: Medicine for Your Life" campaign throughout Colombia. In partnership with Colombia Cancer League and 21 medical clinics throughout the country, chronic pain, palliative care and oncology patients (seeking to manage chemotherapy related sickness) will be able to access consultations for medical cannabis. Consultations will be provided both in person and through teleconsultation channels.

In May 2021, the Board granted an aggregate of 2,800,000 stock options and 1,489,500 RSUs under the Corporation's Stock Option Plan and RSU Plan to certain executive officers.

During the month of June 2021, the Corporation announced the receipt by its German distribution partner, Nimbus Health, of Khiron 20/1 medical cannabis product, making it the Corporation's largest shipment of EU-GMP certified medical cannabis product for distribution and sale into the German market.

In June 2021, the Corporation also launched of its first Zerenia™ clinic outside of Colombia, in Lima, Peru. The new clinic was established as a strategic partnership between the Corporation and Clinica Montesur, a specialized medical provider in Lima.

In June 2021, Franziska Katterbach was appointed as President of Khiron Europe, to replace Tejinder Virk who had resigned from the Corporation. Ms. Katterbach had been Managing Director and Chief Legal Counsel of Khiron Europe since October 2019.

Also in June 2021, Khiron Colombia received authorization to include Mexico as a destination country within its international export quota, with over 700 kg of high-THC extract available for export to Mexico. The Corporation also finalized agreements for the manufacture of finished medical cannabis products in Mexico.

In July 2021, the Corporation successfully completed its first sale of medical cannabis product in Brazil.Also in July 2021, the Corporation closed its offering to U.S. institutional investors of 27,435,000 units of the Corporation (the "**2021 Units**"), at a price of $0.45 per unit, for aggregate gross proceeds to the Corporation of $12,345,750 (the "**July 2021 Offering**"). Each 2021 Units is comprised of one Khiron Share and one common share purchase warrant (each, a "**2021 Warrant**"), with each 2021 Warrant entitling the holder thereof to purchase one Khiron Share at an exercise price of $0.75 per share until November 26, 2025. The July 2021 Offering was led by A.G.P./Alliance Global Partners and ATB Capital Markets Inc., acting as lead placement

agent and co-placement agent, respectively. The Corporation intends to use the net proceeds of the July 2021 Offering for future acquisitions, capital expenditures and general corporate and working capital purposes.

In July 2021, Dr. Eduardo Faveret, renowed physician, pediatric neurologist and clinical physiologist, was appointed as Medical Director for Zerenia™ Brazil.

In August of 2021, the Corporation registered two of its two medical cannabis products in Peru, Alixen™ 30 and Alixen™ 100, following approval by the Peruvian sanitary agency, DIGEMID. These products were available for sale nationwide in late Q4 2021, through traditional medical channels including pharmacies, wholesale medical distributors and dispensaries.

In September 2021, the Corporation announced the renewal of its NCIB to repurchase, for cancellation, up to 8,955,853 Khiron Shares, representing approximately 5% of the Khiron Shares then issued and outstanding. Purchases under the NCIB will expire on the earlier of one year from the date of commencement, or the date on which the Corporation has purchased the maximum number of Khiron Shares to be acquired under the NCIB. The NCIB will be conducted on behalf of the Corporation by Scotia Capital Inc.

In October 2021, Mr. Swapan Kakumanu was appointed as Interim CFO following the resignation of former CFO, Mr. Joel Friedman.

In November 2021, the Corporation opened its first clinic in Europe with Zerenia™ Clinics in UK with a hybrid model including digital and in-person appointments with medical cannabis specialists' practitioners. Zerenia™ Clinics UK is a specialist medical cannabis clinic in London and another strategic approach by Khiron to improve access to medical cannabis for patients in the UK.

In November 2021, the Board also granted an aggregate of 1,400,000 stock options and 950,000 RSUs to certain officers of the Corporation. Certain of the stock options and RSUs are subject to performance-based vesting conditions. The stock options are exercisable at a price of $0.75 per share and will expire on November 23, 2026. Unvested RSUs will expire on December 15, 2024.

January 2020 to December 2020

In January 2020, the Corporation opened Zerenia™, an integrative medical care clinic designed to treat “body, mind and spirit” with medical cannabis and other services. The clinic increases Khiron's clinical capacity by 75% and forms part of the Corporation's patient acquisition strategy as it begins filling medical cannabis prescriptions in Colombia. Zerenia offers a person-centered integrated care model, combining traditional and complementary medicine, with evidence-based treatments and high standards of professional practice. Services are delivered across multiple clinical units which include pain management, mental health, surgical, and neurology. These services are supported by rehabilitation, complementary medicine and diagnostic technology, involving programs for managing multiple symptoms in different pathologies. Zerenia is located in Bogota's city centre and builds on the integration and growth of the ILANS clinics.

In February 2020, the Corporation commenced a Normal Course Issuer Bid (the “**NCIB”**) pursuant to which the Corporation could repurchase, for cancellation, up to 5,830,615 Khiron Shares, representing approximately 5% of the Corporation's then issued and outstanding Shares. Khiron re-purchased and cancelled 511,500 Khiron Shares pursuant to the NCIB.

In February 2020, the Corporation also received commercial cultivation quotas from the TQG, to cultivate 9.2 tons of psychoactive cannabis for national and export purposes in 2020, representing 17% of Colombia's total production quota for 2020. The Corporation was subsequently granted quotas from TQG on March 1, 2020, which authorized the Corporation to manufacture High-THC, whole-plant extracts of cannabis for both domestic distribution and international export. The Corporation's cultivation and laboratory facilities in Ibague, Colombia remained fully operational during the COVID-19 pandemic, under an exemption from the Government of Colombia as an essential service.

- In March 2020, the Corporation entered into an agreement with Tecnologico de Monterrey (Monterrey Institute of Technology) in Mexico, a leading University ranked third in Latin America, bringing science-based online medical cannabis education to an initial group of up to 1,500 healthcare practitioners.

- In March 2020, Khiron Peru entered into an exclusive 2-year agreement with Farmacia Universal S.A.C., a leading pharmacy chain and manufacturing laboratory based in Lima, Peru, to manufacture and distribute Khiron-branded medical cannabis magistral preparations. Khiron Peru is a registered pharmaceutical establishment and is one of the first cannabis companies in the country to have received Good Storage Practices ("**GSP**") certification from DIGEMID.

- In March 2020, the Corporation also became the first Corporation to commercialize medical cannabis in Colombia. On March 20, 2020, the Corporation received GEP certification. As a result, the Corporation was fully authorized to manufacture High- and Low-THC magistral preparations in Colombia and to dispense prescriptions of full-spectrum, high CBD formulations.

- Following an announcement by Dixie Brands Inc. ("**Dixie**") on March 9, 2020 to merge with BR Brands, LLC, the Corporation and Dixie mutually agreed to terminate their definitive agreement relating to a joint venture to be carried out under a new Corporation called Dixie Khiron JV Corp., which the parties entered into in March 2019. Following the announcement, the parties also agreed to dissolve Dixie Khiron JV Corp. The Corporation then incorporated a US Subsidiary, Khiron Life Sciences USA Inc. in order to distribute its own Kuida™ Wellbeing products in the US.

- Following the announcement of the new Brazilian regulatory framework that came into effect on March 10, 2020 that, among other things, prohibits the import of all parts of the cannabis plant, (including dried flower) and only permits the import of fully manufactured extracts or formulated products of cannabis, the Corporation re-assessed the nature, capabilities and size of its Juan Lacaze operations in Uruguay. Additionally, the Corporation's authorization from the Colombian TQG for the commercialization of medical use High-THC cannabis for domestic and export purposes make it possible to supply the Brazilian market from Colombia. Subsequently, the Corporation decided to suspend construction based on its analysis of Brazil's new cannabis regulations and a review of its optimal allocation of capital resources. Construction had also been postponed as part of a broader initiative by the Corporation to preserve cash in light of the economic impacts of the COVID-19 pandemic. The licenses associated with the Juan Lacaze cultivation site remained in good standing and were valid until December 2021.

- In May 2020, the Corporation received authorization from the FNE for the sale of High-THC medical cannabis. With this authorization Khiron became the first Corporation fully authorized to manufacture and sell High-THC medical cannabis in Colombia. High-THC medicinal cannabis prescriptions under the FNE authorization are being filled through the Corporation's fully owned ILANS clinics which are in receipt of High-THC dispensary authorization.

During the month of June 2020, Mr. Chris Naprawa was appointed to the Board and the new Chairman of the Board following the resignation of Michail Beck.

In June 2020, Khiron Life Sciences Spain SL entered into an agreement with Nimbus Health, a leading German distributor of medical cannabis products, to distribute Khiron branded EU-GMP medical cannabis in Germany to be prescribed by doctors and dispensed in pharmacies.

In July 2020, Khiron Life Sciences UK Limited received and filled its first medical cannabis prescriptions for patients participating in Project Twenty21 in the UK, Europe's largest study of the effectiveness and tolerability of medical cannabis. Khiron is the exclusive Latin American supplier to Project Twenty21.

Also during July 2020, Khiron received all necessary licenses and authorizations allowing full spectrum, high-CBD medical cannabis products to be exported from Colombia for import and commercialization in Peru, enabling the Corporation to supply full spectrum, high-CBD medical cannabis to patients under the agreement with Farmacia Universal.

During the month of September 2020, Khiron completed its first sales of high-CBD medical cannabis in Peru, becoming the first company to sell licensed medical cannabis in Peru.

Also during September 2020, the Corporation received the status of National Interest Strategic Project by the Government of Colombia, through its Intersectoral Commission for Infrastructure and Strategic Projects. The government agency review, and subsequent certification, enables the Corporation to simplify authorization processes, reduce cost and accelerate time to market for its services and products for the Colombian market and for export purposes.

During the month of November 2020, the Corporation closed a bought deal, short form prospectus offering of units ("**2020 Units**"), including the exercise in full of the over-allotment option (the "**November 2020 Offering**") of a total of 32,200,000 2020 Units at a price of $0.45 per unit for aggregate gross proceeds of $14,490,000 (including the exercise in full of the over-allotment option) pursuant to the November 2020 Underwriting Agreement. Each 2020 Unit is comprised of one Khiron Share, and one common share purchase warrant (each, a "**2020 Warrant**"). Each 2020 Warrant entitles the holder thereof to purchase one Khiron Share at an exercise price of $0.75, for a period ending five years from the closing date.

Also in November 2020, Mr. Juan Carlos Echeverry, a former Minister of Economic Planning of Colombia and a former Chief Executive Officer of Ecopetrol, Colombia's largest Corporation and the fourth largest Latin American oil and gas producer, was appointed to the Corporation's board of directors and as an independent member of the Audit Committee.

In December 2020, following the success of the Corporation's full-scale Zerenia™ clinic in Bogota, the Corporation opened its first satellite Zerenia clinic in Medellin, Colombia. The Medellin clinic supports Khiron's goal of expanding regional access to the Corporation's clinic services and medical cannabis products for patients across the country, with a focus on in-person and telehealth services in Colombia's largest urban centres.

Also in December 2020, the Corporation secured coverage of its medical cannabis products by major health insurance providers in Colombia, in addition to the existing coverage granted to its clinic services.

In December 2020, the Corporation also successfully completed the import of its high-THC medical cannabis product into Peru, becoming the first company in Colombia to export high-THC medical cannabis and also the only Colombian company to fill high-THC prescriptions in Peru for commercial purposes.

January 2019 to December 2019

During the month of February 2019, the Corporation completed a bought deal short form prospectus offering of 13,110,000 Khiron Shares at $2.20 per share for aggregate gross proceeds of $28,842,000 (the "**February 2019 Offering**"). The Corporation also issued compensation warrants to the underwriters to purchase up to an additional 786,600 Khiron Shares at $2.20 per share for a period expiring February 28, 2021.

During the month of April 2019, the Corporation entered into an agreement to acquire 100% of Netta (the "**Netta SPA**"), which at the time of the closing owned all the shares of K Life Sciences Uruguay (then known as Dormul S.A.), for 8,498,821 Khiron Shares to the shareholders of Netta (the "**Netta Transaction**"), and a finder's fee of 420,000 Khiron Shares. K Life Sciences Uruguay had obtained the first license to produce medical cannabis with THC for commercialization in Uruguay. In June 2019, the Corporation completed the Netta Transaction through the issuance of 8,498,821 Khiron Shares valued at $1.61 per share. The acquisition provides the Corporation with cultivation capacity in Uruguay of up to 120 tonnes and 170,000 plants through licenses held by K Life Sciences Uruguay. These licenses provided the potential for the Corporation to both distribute locally in Uruguay and export cannabis flower, as a complement to the Corporation's extract-only medical market of Colombia.

In May 2019, the Corporation announced the closing of a bought deal, short form prospectus offering of 9,914,150 Khiron Shares at a price of $2.90 per share for aggregate gross proceeds of $28,751,035 (the "**May 2019 Offering**"). The underwriters received a cash commission equal to 6% of the gross proceeds of the May 2019 Offering and compensation options equal to 6% of the Khiron Shares sold pursuant to the May 2019 Offering, exercisable at $2.90 per share for a period expiring May 28, 2021.

In June 2019, the Corporation completed the construction of and commenced operations at its Cultivation Facility in Colombia. The facility includes an 80,000 square foot greenhouse that includes areas for mother plants and cloning, a 14,000 square foot GMP-compliant post-harvest facility, processing areas for drying and

extraction operations, state of the art physical-chemical and microbiological laboratories, storage vaults and administrative offices.

In August 2019, the Corporation's Uruguayan Subsidiary, K Life Sciences Uruguay, initiated pre-clinical medical cannabis studies with the Universidad de la República of Uruguay and Institut Pasteur de Montevideo. These studies, which have been approved by the IRCCA (Instituto de Regulación y Control del Cannabis - the Regulatory Cannabis State Authority of Uruguay), will focus on the effects of three licensed Khiron strains targeting inflammation, oxidative and nervous system disorders.

In August 2019, the Corporation advised of its planned expansion into Europe. The Corporation has since established multiple entry routes into markets within Europe, particularly UK and Germany including supply agreements and distribution partnerships for Khiron branded medical cannabis products and Kuida™ Wellbeing products.

In October 2019, the Corporation's Subsidiary, Khiron Peru, which is licensed as a pharmaceutical establishment, received Good Storage Practices certification required for cannabis import and commercialization activities.

In November 2019, the Corporation became the exclusive Latin American provider of cannabis medicines to Project Twenty21 in the United Kingdom. Project Twenty21 is Europe's first and biggest national medical cannabis registry, launched on November 7, 2019 at the Royal College of Psychiatrists in London. The project aims to enroll 20,000 patients by the end of 2021, creating the largest body of evidence for the efficacy of medical cannabis, with an aim to persuade UK policy makers that medical cannabis should be as widely available, and affordable, as other approved medicines.

It was also granted commercial quotas by the Colombian Technical Quotas Group ("**TQG"**), which allow the cultivation and commercialization of up to 560 kg – or approximately, 65,000 units – of psychoactive, High-THC medicinal cannabis in 2019.

THE EFFECT OF THE COVID-19 PANDEMIC ON THE CORPORATION AND ITS BUSINESS

During the past two years the outbreak of the novel coronavirus, commonly referred to as "COVID-19", spread throughout South America, Europe and North America, causing companies and various international jurisdictions to impose restrictions such as quarantines, business closures and travel restrictions. While many travel bans have lifted throughout the world, the duration of the business disruptions internationally and their impacts on the Corporation cannot be reasonably estimated at this time.

The impact of COVID-19 on the Corporation's business and operations was most prominent at the start of the pandemic (Q2, 2020) the Corporation's clinics in Colombia (while deemed essential services) were challenged by operational safety measures that, in part, contributed to a reduction of patient consultations and services available on offer. The pandemic also had the effect early on of slowing the Corporation's expansion and business operations in certain international jurisdictions due to the implementation of various restrictive measures and other resource allocation by government bodies to slow the spread of COVID-19. To date, the Corporation has seen gradual improvement as various business activities and government measures normalize, but the lack of shipping services and the continued disruptions within the transport and supply industry creates further logistical delays in our ability to predict business activity.

From the onset of the COVID-19 pandemic, Khiron shifted its strategic approach to limit global expansion, alter marketing methods and conserve cash, while still maintaining its overall strategic direction to improve the quality of life of patients and consumers. During this global crisis, and specifically in the second and third quarter of 2020, the Corporation set objectives that it continues to implement, including:

- Prioritizing the physical and mental health of its employees and health professionals by implementing air travel restrictions and allowing remote and flexible working arrangements for office staff;

- Focusing on: i) increasing prescribing physicians at its health centres and third party clinics across Colombia to drive daily prescriptions per physician; ii) generating patient awareness across the country to encourage patients to visit its health centres, primarily through its new web or app-based telehealth application (DoctorZerenia.com); and iii) improving systems and processes to improve service quality for new, potential and existing patients;

- Strategically managing its available cash by reducing general and administrative expenses, marketing spending and lower capital expenditures;

- Continued protocols in Colombia, where Khiron received an essential service exemption for its cultivation site, laboratory facilities and health centres. As a result, it continues to employ most of its employees and doctors, while implementing reduced pay and benefits measures; and

- Continued prioritization of the continuity of health services and the treatment of patients while maintaining and following appropriate safety guidelines. Certain invasive procedures were suspended (e.g. neurosurgeries) through 2020, all while the Corporation made teleconsultation service available thus leveraging its medical team and existing patient network to meet essential patient needs during the pandemic.

The continued implementation of the above measures and others, have had the effect of ensuring the continuity of the business operations and maintaining a healthy workforce, including employees at the cultivation site, medical clinics, office staff and members of the management team and board of directors. Cost savings from reduced travel, salaries and retainers helped to offset the reduced revenues from the Corporation's clinics and decreased retail sales of its wellness products, while the postponement of capital expenditures and marketing programs helped to conserve the Corporation's cash and ensure continuation of core business operations.

The pandemic affected the Corporation's financial performance during 2020 and 2021. Following the onset of the pandemic, revenues from the Corporation's clinics declined in early 2020 to lows experienced in the second quarter of 2020. In the third and fourth quarters of 2020, revenues increased back to pre-pandemic levels. Gross margins relating to health services were negatively impacted from late in the first quarter throughout the fourth quarter of 2020 due to the various implications of the pandemic and the Corporation's responses thereto. Such responses included the Corporation providing more lower-margin services (such as COVID-19 testing) and reducing higher-margin services (such as medium or more complex medical procedures).

In 2021, the Corporation experienced further significant volatility in its ability to offer high cost/high margin surgeries at its clinics, due to the growing unexpected positive cases among scheduled patients, particularly during the Delta and Omicron surges. The Corporation expects to re-schedule such services during 2022, although the uncertainty of infections may affect its ability to return to pre-pandemic levels in its surgical units.

The onset of the pandemic also had the effect of slowing growth in sales of the Corporation's Kuida product line (CBD-based cosmeceutical products). Due to the closings or shutdowns of retail stores in our target markets, including Colombia, the Corporation focused on digital campaigns to continue its sales efforts. Although digital campaigns were pivotal during the first months of the pandemic, the lack of physical sales presence reduced revenue growth for Kuida products. As the Corporation experienced significant growth in its medical cannabis products in Latin America ("LatAm") and Europe, the Corporation reduced its marketing and sales investment in the Kuida line, reducing its sales significantly. In 2022, the Corporation does not expect to continue sales of its Kuida products in any market, and will use existing inventory as part of marketing campaigns for its medical cannabis products. The Corporation has taken the appropriate inventory write-downs in 2021 and is not expected to continue sales of the Kuida product line, focusing on its high growth/ high margin medical cannabis products and expansion of its medical cannabis clinic network in LatAm and Europe.

Overall, the impact of the COVID-19 pandemic to-date has been slow growth of sales across existing markets and a delay in entering new markets, effectively delaying the Corporation's pathway to profitability.

A return to pandemic restrictions, if enacted, could have implications similar to those experienced in 2020 and 2021 such as tempered growth in sales, specifically in new markets where significant investments are required for startup costs and promotional activities. However, the Corporation's investment in and implementation of telemedicine services during 2021 may reduce the overall impact of such events on its sales of medical cannabis. In the event of a major disruption in operating activities, the Corporation expects to respond in a manner consistent with 2021 to reduce costs and allocate available resources to focus on core revenue generating operations and markets, including, where appropriate, rationalization of product lines and operating capacity.

For additional information see also "*Risk Factors – Implications of the COVID-19 Pandemic*".

DESCRIPTION OF THE BUSINESS

Summary of the Business

Khiron is a leading vertically integrated international medical cannabis company with core operations in Latin America and Europe. Leveraging wholly owned medical health clinics and proprietary telemedicine platforms, Khiron combines a patient-oriented approach, physician education programs, scientific expertise, product innovation, and agricultural infrastructure to drive prescriptions and brand loyalty with patients worldwide. The Corporation has a sales presence in Colombia, Peru, Germany, UK, and Brazil and is positioned to commence sales in Mexico. The Corporation's wholly owned subsidiary, Khiron Colombia S.A.S., is licensed in Colombia for the cultivation, production, domestic distribution and international export of both tetrahydrocannabinol (THC) and cannabidiol (CBD) medical cannabis.

The Corporation has three sources of income:

1) *Medical Cannabis Products* - The Corporation sells branded medical cannabis products to patients with medical conditions where cannabis can be an acceptable, proven option. Under the Medical Cannabis Products segment, the Corporation is focused on product sales in Latin America and Europe. The Corporation's Business-to-Consumer (B2C") strategy is based upon the following pillars:

   - Education of medical practitioners using Khiron's unique real-world evidence, compiled from its own clinic network, ensuring higher acceptance for medical cannabis, resulting in growing prescriptions by external and internal doctors
   - Focus on improving access of medical cannabis to patients, defining and evolving supply chain, logistics and payment steps to allow patients to access their medication safely, and efficiently
   - Sourcing of high-quality medical cannabis products that comply with each country's pharmaceutical and quality regulations. In Latin America, all products are sourced from within the Corporation's own production facility. In Europe, the Corporation outsources its products to various 3rd party suppliers within the continent
   - Building and increasing brand loyalty within patients
   - Generating data from patients to continue publications of scientific evidence and economic benefits of medical cannabis, to persuade governments to include medical cannabis as a covered medication, therefore increasing access to patients in the countries the Corporation is focused on; and
   - Developing and/or improving the Corporation's product portfolio, based on the evidence and market information collected on efficacy, safety and patient needs

2) *Health Services* - The Corporation operates its own network of health centers (operating under the ILANS and Zerenia™ brands), focused on chronic pain, neurological conditions, sleep disorders and mental health. The Corporation's health centers offer a suite of services, from consultations to rehabilitation and surgical services

   Under the Health Services segment, the Corporation is focused on:

   - Improving the quality of life of patients with conditions such as chronic pain, neurological conditions, sleep disorder and mental health through a combination of services from consults to rehabilitation to surgical services and medical cannabis
   - Educating medical practitioners on medical cannabis by collecting, generating and publishing evidence across international markets
   - Improving patient retention by educating patients on the appropriate use of medical cannabis, and scheduling periodic follow-ups

- Partnering with renowned international hospitals and health centers to create a Center of Excellence for medical cannabis research, using real world evidence to place medical cannabis as a viable option for treating patients

3) *Wellness Products* – focused on delivering the benefits of CBD and hemp across an array of various branded consumer package goods, such as its Kuida™ cosmetics line during 2021.

LATIN AMERICA

From its primary operations in Colombia and a presence in countries across the region, Khiron is one of the leading medical cannabis companies in the Latin American market. In this region, the Corporation sells a product portfolio of 5 cannabis sublingual oil units (High THC, 1:1, High CBD). Dried flower as a finished product, is not an acceptable pharmaceutical form in the countries the Corporation is focused on.

The go-to-market strategy for LatAm is currently based on the deployment of the Zerenia medical cannabis clinic brand across Khiron's target markets. Khiron's Zerenia clinics offer an integrative healthcare proposition where medical cannabis plays an important role for improving the quality of life of patients. The clinics allow the Corporation to create demand for medical cannabis, generate real world evidence on medical cannabis for various conditions, train medical practitioners with such evidence, increase patient retention, and provide access to patients. The deployment strategies for Zerenia across the region varies depending on the type of partnership Khiron can create with 3rd party health centers, regulation regarding vertical integration, agility, and insurance coverage systems. Currently the Corporation deploys a combination of mid-sized (5,000 sqft and above) clinics, satellite (below 300 sqft) clinics, and telehealth virtual clinics, all designed to provide easier access to the various needs of patients.

As access to medical cannabis continues to grow, and Khiron continues to build evidence on the benefits of its medical cannabis portfolio and strengthen its brand amongst patients and medical practitioners, the Corporation expects that third party sales will grow beyond its medical clinic capacity.

In 2021, the Corporation sold around 54,600 units in Latin America, representing a 950% growth year-over-year ("YoY"), with Colombia representing 95% of total units sold in Latin America. In the first quarter of 2022, the Corporation has sold almost 23,000 units across LatAm, representing more than 40% of 2021's unit sales.

Colombia

In Colombia, Khiron has a fully vertical integrated strategy, beginning with its own fully licensed cultivation and extraction facilities, located in the Municipality of Piedras, in the Department of Tolima, about 4 hours southwest of the capital city of Bogota, and ending with several health center locations where the Corporation services patients with conditions such as chronic pain, neurological conditions, sleep disorders and mental health.

Through its subsidiary, Khiron Colombia SAS, the Corporation is fully licensed for cultivation, extraction, and manufacturing of High-THC and Low-THC medical cannabis for domestic and international purposes. Through its subsidiary ILANS and its brand Zerenia, the Corporation operates a fully licensed medium-complexity clinic network, offering services from consults, sleep clinic, rehabilitation center, and surgeries, and is licensed to dispense and sell High-THC and Low-THC medical cannabis products nationwide, through its own pharmacy.

In 2021, the Corporation's clinic network serviced around 141,000 patient visits, more than 40% YoY. Of these, 19% were out-of-pocket patients, while the rest of the consults were derived from Colombian insurance companies. In 2021, the Corporation had three medium-sized facilities in the city of Bogota and nine small satellite clinics in other cities of Colombia. In Q1 2022, the Corporation opened two new mid-sized clinics in the city of Bogota. The Corporation's clinic expansion operates under the Zerenia medical cannabis brand.

In 2021, Colombia became the 1st country in Latin America to offer insurance coverage for medical cannabis to patients. Since 2021, 65% of all the units sold by the Corporation were covered by insurance, and more than 97% of all sales were derived from the Corporation's own Zerenia clinic network.

Peru

In Peru, the Corporation offers the same medical cannabis product portfolio as in Colombia. Extracts are manufactured in Khiron's production facility and then exported to a third party in Lima (Farmacia Universal S.A.C), which manufactures the finished sublingual oil product and dispenses to the patients. The Corporation began sales of medical cannabis in September 2020, through external medical practitioners, trained under the Corporation's medical education platform.

Starting in Q3 2021, the Corporation opened its first Zerenia clinic in Lima, through a partnership with Clinica Montesur, a leading clinic in the city. In 2021, over 80% of the units sold in Peru were sold through external doctors, showcasing a much higher willingness to prescribe by external doctors in Peru than in Colombia. In Q1 2022, the Corporation partnered with another pain clinic in Lima to open its second Zerenia location to fuel sales growth.

Also in 2021, the Corporation received two CBD-based product registrations to sell finished branded products in pharmacies across the country and diversify its retail locations. With these product authorizations, the Corporation is able to offer patients the ability to buy the products in any pharmacy throughout the Country, improving accessibility to medical cannabis. The Corporation is planning to obtain three more THC-based registrations in 2022.

Brazil

The Corporation began sales of CBD-based products in Q3 2021. In Brazil, the Corporation operates under a regulatory framework called Compassionate Use, where patients obtain personal import permits to buy medical cannabis products. Khiron has set up a low-cost and efficient supply chain and logistics strategy, using a distribution hub near Brazil to be able to ship products to patients as needed.

In Brazil, the Corporation is working under two models. First, through standard pharmaceutical distribution and education model, where the Corporation engages with leading medical distribution companies to educate and showcase the product portfolio to third party medical practitioners and patient associations. Second, through the construction and operation of its own Zerenia clinics, replicating the unique and successful strategy of Colombia and Peru.

The Corporation has already began sales of CBD-based products in Brazil and is looking to begin sales of THC-based products in Q2 2022, as well as opening its first Zerenia clinic in Rio de Janeiro by Q2 2022.

Uruguay

In 2019, the Corporation acquired a license to produce medical cannabis with THC (the "**Netta Transaction**"). These licenses provided the potential for the Corporation to both distribute locally in Uruguay and export cannabis flower, as complement to the Corporation's extract-only medical market of Colombia. During 2020, the Corporation suspended early construction activities to reassess the timing of execution based on the new regulatory framework in Brazil, and the COVID-19 pandemic risks. Once obtaining the approvals and reviewing the logistics chain for import of medical cannabis into Brazil from Colombia, and a reassessment of the strategic priorities of cultivation assets within the Corporation's B2C strategy, the Corporation decided not to extend its license in Uruguay beyond December 2021. The Corporation's strategy in Brazil does not contemplate deploying its capital to develop a new cultivation asset within Uruguay, and, its capital would be better deployed in strategies that increase patient access and demand generation in Brazil. With this decision in 2021, the Corporation has reported a one-time, non-cash write-off of the intangible asset associated with the Uruguay cultivation license and will continue to focus on export of finished product from Colombia into Brazil and generating demand through its Zerenia clinics and external doctor education.

The Corporation will continue the operations in Uruguay that are focused on the distribution of medical cannabis products from Colombia into Brazil.

Mexico

In January 2021, the Mexican Government issued the general guidelines for the production, manufacture and use of medicinal cannabis in Mexico. The mentioned guidelines were presented as a complementary regulation to the already existing General Health Law in force to date. As of the implementation of the regulation, the following activities will be allowed: (i) planting and growing cannabis, (ii) seed production, (iii) production of raw material for the elaboration of pharmacological derivatives and medicines, (iv) research, (v) medical, diagnostic, preventive, therapeutic, rehabilitative, and palliative care uses.

Khiron plans to pursue an entry into Mexico's medical cannabis market, where it has already trained several hundred doctors in partnership with the country's leading educational institute, Tecnologico de Monterrey (Monterrey Institute of Technology)

In 2021 a joint venture was signed with a Mexican company to manufacture, distribute and commercialize Khiron finished medical cannabis products in Mexico.

In October 2021, the Corporation was granted by the Colombian authorities (FNE) a CBD export permit that allows Khiron to export medical cannabis CBD extracts to Mexico. THC and CBD extract import permits have been already requested to COFEPRIS and are pending to be approved by the mentioned Mexican authorities. The Corporation is expecting to beginning CBD and THC exports from Colombia to Mexico on Q2 2022 and Q3 2022, respectively.

Khiron is preparing to open satellite clinics in various cities in Mexico during 2022, following the model of the Zerenia™ satellite clinics in Colombia. These clinics will initially focus on treating medical conditions such as chronic pain, anxiety, insomnia and others. These clinics will enable Khiron to build a network of patients across Mexico with conditions that clinical experience from our Colombian clinics' shows are good candidates for treatment with Khiron's medical cannabis. Sales of Khiron's medical cannabis in Mexico, through the Corporation's own clinics and other distributors will commence when the Corporation receives authorization to import and prescribe medical cannabis.

Europe

The European market for medical cannabis represents one of the largest potential markets in the next 10 years. Khiron's strategy is to leverage its unique real-world evidence, an agile and high-quality supply chain, patient insight, and local market knowledge to become one of the leading brands in the region. The Corporation is currently focused on the markets of Germany and the United Kingdom, where it has already established an important presence. The Corporation's current product portfolio is comprised of High-THC and High-CBD dried flower, and in 2022, the Corporation expects to introduce new varieties as well as new oil-based products in these markets.

Khiron currently sources medical cannabis products for sale in the UK and Germany from an EU-GMP certified supplier within Europe. The Corporation's supplier holds a certificate declaring that their propagation (cloning), cultivation, harvesting, drying, curing, packaging and storage of cannabis for medicinal use activities are compliant with the standard and the World Health Organization guidelines on good agricultural and collection practices for medicinal plants, and also a certificate of compliance with GMP for active substances certificate issued by the respective sanitary agency.

In 2021, sell-out for Khiron's product (product sold to final patients), exceeded 94 Kg of dried flower, an increase of over 25x YoY. This growth is primarily attributed to continues growth in the UK, which represented almost 50% of all European sell-out volumes in addition to beginning sales in Germany in late Q1 of 2021. In Q1 2022, UK sell-out volumes have already surpassed that of the entire 2021

United Kingdom

The United Kingdom represents one of the biggest potential markets for medical cannabis in Europe. The Corporation's strategy is to leverage its world-class medical cannabis education platform, a high-quality product portfolio, and its own Zerenia medical cannabis clinic to become a leading brand for medical practitioners and patients in the United Kingdom.

In 2019, Khiron entered into an agreement to be the exclusive Latin American provider of cannabis medicines to Project Twenty21 in the UK. Project Twenty21, Europe's first and biggest national medical cannabis registry, was launched in 2019 at the Royal College of Psychiatrists in London.

In April 2020, Khiron branded medical cannabis products became available for prescription from doctors and clinics participating in Project Twenty21 and in May 2020, Khiron received its first medical cannabis prescriptions.

In July 2020, Khiron partnered with the Medical Cannabis Clinicians Society, an independent clinician-led organization that lead the medical conversation in medical Cannabis in the UK. Under this agreement, Khiron provides medical cannabis knowledge and training through its cloud-based e-learning platform Khiron Academy, a fully digitally physician education platform that has received UK CPD accreditation.

In March 2021, the Corporation successfully exported certain registered cannabis strains, in the form of live clones, from Colombia to Europe, as part of an asset light growth strategy in Europe. By working with contract manufacturing and distribution partners to accelerate production and delivery of EU-GMP certified medical cannabis products the Corporation expects to grow its existing European offering by introducing branded extracts and dried flower products, based on those already distributed in Colombia and Peru.

Khiron has an agreement with a leading UK distributor and specialist manufacturer of medical cannabis products, which are imported by the distributor from the EU-GMP certified producer that Khiron has outsourced within Europe.

In 2021, Khiron launched its Zerenia clinic strategy by acquiring a licensed clinic in the UK. Since the launch of Zerenia Clinic in the UK in December 2021.

Germany

Germany is the largest medical-cannabis market in Europe with an established regulatory framework for insurance reimbursements for cannabis. In June 2020, Khiron entered into an agreement with a leading German distributor of medical cannabis products. Khiron branded EU-GMP medical cannabis products have been available in Germany since March 2021 for prescription by doctors and dispensation in pharmacies. Khiron's strategy is focused on education of medical practitioners using its proprietary education platforms, based on real-world evidence collected through its international clinic network, as well as an agile and high-quality supply chain to provide High-THC and High-CBD product to patients across pharmacies in the country. The education on Khiron branded medical cannabis products to German prescribers is lead by the Corporation's medical outreach team.

RESEARCH AND DEVELOPMENT

Khiron has collaborated with leading health organizations to understand and validate the benefits of medical cannabis in Colombia, Uruguay and Chile. Initiatives undertaken in 2019 to 2021 are described below:

- In April 2019, the Corporation entered into a multi-year agreement with Centro Dermatológico Federico Lleras Acosta ("CDFLLA"), a leading Latin American dermatological institution, to jointly conduct medical cannabis research and host educational activities focusing on skin conditions and symptoms. The goal of the project is to obtain novel topical cannabinoid formulations with increased anti-inflammatory and immunomodulatory activity. This project is currently ongoing (started in June 2021) and it is 35% completed according to the first technical and financial report provided by the CDFLLA on February 23, 2022. The study is projected to finish in June 2023.

- In 2019, Khiron entered into an agreement to be the exclusive Latin American provider of cannabis medicines to Project Twenty21 in the UK. Project Twenty21, Europe's first and biggest national medical cannabis registry, was launched on November 7, 2019 at the Royal College of Psychiatrists in London. The project enrolled over 2,000 patients by the end of 2021, creating the largest body of evidence for the effectiveness and tolerability of medical cannabis in the UK, and Khiron products were the most prescribed within their categories in the program.

  In March 2021, Khiron completed the first export of live cannabis cuttings from Colombia to the EU for research purposes. The plants were successfully propagated in Spain and will be used to reproduce Khiron's monovarietal extracts under EU-GMP for their commercialization in Germany and the UK

- In May 2021, Khiron initiated a collaboration to conduct clinical studies with the Hospital Fundación Santa Fé in Bogota, for the development of cannabis-based topical products to treat irritative dermatitis in several body parts. The project is ongoing and planned to finish in December 2022.

- In May 2021, Khiron started its first clinical investigation with patients from Zerenia Clinic in Bogotá, a Retrospective Cohort observational study to gather the first clinical evidence on the efficacy and safety of Khiron's cannabis-based magistral formulations on the treatment of chronic pain and associated comorbidities. The protocol was approved by the ethical committee at El Bosque University in Bogotá, Colombia. The results of the study were published in the journal Frontiers in Pain Research in March 2022.

Education and awareness

Khiron has been building brand awareness in Latin America through education of healthcare professionals. In the domestic market of Colombia and elsewhere in Latin America, Khiron has built partnerships with some of the region's most respected medical associations and universities. As a result of these initiatives, Khiron is building a regional network of medical prescribers that will serve as the primary distribution channel for medical cannabis. Initiatives undertaken during 2019 to 2021 are described below:

- In August 2019, Khiron Colombia entered into an exclusive endorsement agreement with the Colombian Association of Gerontology and Geriatrics (CAGG), a scientific and professional association dedicated to the advancement of health and social services for aging population and geriatric patients at all levels of care. The endorsement agreement provides the Khiron Colombia medical leadership team access to CAGG's annual congress and outreach programs.

- Through 2021, Khiron participated in several medical events sponsored and organized by medical societies in Colombia (e.g. Asociación Colombiana Para el Estudio del Dolor (ACED) – Colombian International Association for the study of Pain (IASP) chapter), Perú (e.g. chronic pain society, palliative care society) and Mexico (e.g. Teleton) geared towards educating physicians on the use and benefits of medical cannabis.

- In January 2020, Khiron Peru entered into an agreement with Universidad Peruana Cayetano Heredia, a university in Lima, Peru, to sponsor workshops and remote talks for the university's international course on medicinal use of cannabis.

- In March 2020, Khiron entered into an agreement with Tecnologico de Monterrey (Monterrey Institute of Technology) in Mexico, a leading University ranked third in Latin America, bringing science-based online medical cannabis education to an initial group of up to 1,500 healthcare practitioners. Currently, the ongoing collaboration with TecSalud has rendered a quarterly on-line international course in medicinal cannabis and the first edition of an international diploma in advanced studies on medicinal cannabis.

- In the United States, Khiron presented at the third International Cannabinoid Derived Pharmaceuticals Summit held in September 2001 in Boston, together with representatives of Greenwich Biosciences, InMed Pharmaceuticals or GW Pharmaceuticals. In March 2022, Khiron presented at the Cannabinoid Sciences 2022 Webinar hosted by the educational platform LabRoots, whose virtual events spanning many different topics throughout the year, average 12,000-15,000 attendees and the audience typically

comprise leading academia and industry professionals, scientists, laboratory managers and research scholars.

- In the UK, Khiron entered an agreement with Medical Cannabis Clinicians Society in November 2021 to give clinicians independent access to evidence, training, expert guidance, peer support and licensed product information so they can prescribe life-changing medical cannabis treatments to all patients in the UK, on the National Health Service. In 2021, KhironAcademy, Khiron's medical educational platform, became the CPD-certified educational tool for onboarding prescribing clinicians at several specialized cannabis clinics in the UK. In 2021, Khiron joined as a founding member of the Cannabis industry Council, to promote medical cannabis prescription in the UK.

- In Spain, Khiron presented at and sponsored the 21st annual meeting of the Spanish society of cannabinoid research held in Malaga in November 2021. From March to December 2021, Khiron sponsored and presented at Cannabmed campus, an online platform for cannabis and cannabinoid education in Spain.

Innovation and product development

- Currently Khiron offers Products (Magistral preparations (i.e. compound formulations and registered products)) to treat different pathologies such as insomnia, depression, anxiety, Epilepsy, Parkinson, chronic pain and spasticity.

- The full portfolio in the LatAm Region includes five magistrals preparations (two rich CBD products, two balanced products and one rich THC product) as well as two rich CBD registered products in Peru under the brand ALXEN.

- Product pipeline contains new formulas, delivery methods and different product categories such as topicals, and advancing on these initiatives depends on regulatory approvals and final results on the different researches and ongoing clinical trials.

Cultivation & Extraction

Khiron's strategy to become a global leader in creating high quality medical products requires high quality inputs through the entire value chain, starting with cultivation and culminating in the production of high-quality cannabinoids and other phytochemicals. The Corporation plans to supply the demand for medical cannabis products in Colombia and Latin America from its own cultivation, extraction, and analysis facilities near Ibagué, Colombia. As demand grows and cannabis regulation advances globally, the Corporation will explore alternatives for cannabis supply on a country-by-country basis.

The Corporation's operations include cultivation, extraction, and analysis facilities near Ibagué, Colombia. The facility includes an 80,000 square foot greenhouse that includes areas for mother plants and cloning, a 14,000 square foot GMP-compliant post-harvest facility, processing areas for drying and extraction operations, state of the art physical-chemical and microbiological laboratories, storage vaults, administrative offices and a solar park energy generating facility. The Corporation is able to supply current Latin America's requirements for medical cannabis from its own facilities.

Specialized Skill and Knowledge

The Corporation's business requires specialized knowledge and technical skill around cannabis cultivation and processing in Colombia, clinical research, product formulation, quality assurance, GMP and GEP, procurement, logistics, and marketing and distributing of medicinal and Wellbeing products, as well as medical expertise and clinic management. As a reporting issuer, Khiron's business also requires financial, legal and capital markets expertise for the operation of a publicly traded company. Khiron's management, Board, consultants and advisors have the required skill and knowledge across relevant markets in Latin America, North America and Europe, including professionals with experience and expertise in finance, legal and regulatory affairs, pharmaceutical and CPG industry, cultivation and agricultural science, capital and financial markets, controlled substances and drug enforcement.

Competitive Conditions

The market for medicinal cannabis in Colombia and Latin America is characterized by an abundance of supply, unsatisfied patient demand, a general lack of awareness of the benefits of medical cannabis, limited access by patients to this medication, and a social stigma around the subject of cannabis among patients and medical practitioners. However, most countries in the region have started to adopt regulatory frameworks regarding the approval of medical cannabis, and in the next few years most of Latin America will have implemented a mostly medical cannabis framework.

Although competition in the market is growing in Colombia and Latin America, Khiron is competitively positioned to satisfy the demand for medicinal cannabis given the Corporation's well-known growth, and its management team's expertise in medical product branding, marketing, quality control and domestic market relationships.

With its unique integrated strategy, Khiron has positioned itself in Colombia and Peru as the leading B2C medical cannabis company, as proven with the Corporation's continuous growth in medical cannabis sales, the growing number of patients visiting its clinic network, and its growing retention rates.

In Europe, Khiron is focused on the medical cannabis markets in the UK and Germany. The UK first approved the use of medicinal cannabis products in November 2018 while Germany legalized medical cannabis over a year earlier in March 2017. Both markets are dominated by imported cannabis. Since initial approval, UK patients have been faced with supply shortages due to very restrictive import and export restrictions. However, in March 2021 the Home Office and the Department of Health and Social Care announced that import restrictions would be eased by allowing licensed wholesalers to import larger, bulk, non-patient specific quantities of cannabis-based products and hold supplies for future distribution. Patients in the UK also face additional obstacles related to prescription affordability, due to the low rate of reimbursement of medical cannabis. In the initial year since legalization, England's National Health Service had reimbursed patients on fewer than 20 occasions for medical cannabis products that had not undergone clinical trials. Germany is Europe's largest legal medical cannabis market and enjoys a higher rate of insured prescription reimbursement – estimated to be around 60% of all applications. Still, affordability is believed to be an obstacle for many uninsured patients.

Khiron's medical sales and marketing teams have been actively educating doctors and raising awareness for our products in the UK and Germany. The Corporation is competitively positioned to increase sales of its EU-GMP certified medical cannabis products by leveraging its proprietary Khiron Academy physician education platform, partnerships with professional organizations, and its unique ability to leverage clinical experience from its own Colombian health centres and its proprietary cannabis strains. In the UK, the Corporation is a provider of cannabis medicines to Project Twenty21, Europe's a national medical cannabis registry, that aims to enroll 20,000 patients by the end of 2021, creating the largest body of evidence for the efficacy of medical cannabis, with an aim to persuade UK policy makers that medical cannabis should be as widely available, and affordable, as other approved medicines. Khiron's agreement with the Medical Cannabis Clinicians Society, will provide medical cannabis knowledge and training through the Corporation's cloud-based learning platform to participating doctors across the United Kingdom. Germany is a growing market with over 60,000 medical cannabis patients and a population of over 82 million people. The Corporation's is leveraging its agreement with Nimbus Health, a leading EU-GMP/GDP certified medical cannabis distributor in Germany, to gain access to a distribution network of over 300 pharmacies.

The global cannabis industry is experiencing significant change as governments embrace regulatory reform, liberalizing the production and consumption of cannabis. Khiron may face new competition in Colombia, Peru, Brazil and Mexico from local laboratories that partner with a licensed cannabis provider to offer similar products to Khiron's products. In addition, current or new licensees unable to market or export extracts internationally may compete domestically with Khiron in Colombia. However, the Corporation's first mover advantage in these markets and its growing brand loyalty and patient retention, continues to allow Khiron to be a clear leader in this region.

Intangible Properties

Khiron has recognized the importance of the intangible assets of the Corporation, such as brand names, circulation lists, copyrights, licenses, software, subscription lists and trademarks. Khiron's IP team coordinates the filing, prosecution, and protection of intellectual property rights in Colombia and other countries, as noted below.

Trademarks

Colombia

Khiron filed a trademark application on April 28, 2017, for "KHIRON LIFE SCIENCES CORP." which was approved by the Colombian Patent and Trademarks Office ("**Colombian PTO**") on October 30, 2017 by certificate 577310 of 2017 on Nice Class 5 (Pharmaceutical Products). Khiron's trademark registration remains valid until October 30, 2027, with an option to renew for an additional 10-year period.

A second trademark application was filed on September 5, 2017 for "KHIRON LIFE SCIENCES CORP." in Nice Class 44 (Medical Services) and approved by the Colombian PTO on March 14, 2018, remaining valid until March 14, 2028.

On February 3, 2021, by Resolution 3646, the trademark "ZERENIA, CLINICA DE CUIDADO INTEGRADO" on Nice Class 44 (Medical Services) was granted and approved by the Colombian PTO for a 10-year period. by Certificate No. 667734.

Khiron filed trademark applications on October 20, 2020 for "KHIRIOX" and "ALIXEN", both on Nice Class 5 (Pharmaceutical Products). The registration of "KHIRIOX" was approved by the Colombian PTO on April 13, 2021 by Resolution 19881 and the certificate 678809 duly issued, which are currently under registration study by the Colombian PTO. On May 7, 2021, the registration of the trademark "ALIXEN" was granted by the Colombian PTO on October 25, 2021 by Resolution 69025. The Certificate No. 693317 was duly issued.

Brazil

On February 8, 2022, the trademark "KHIRON LIFE SCIENCES CORP" was granted for a 10-year period until February 8, 2032. The issuance of the certificate is still pending.

Khiron filed a trademark application on September 6, 2019 for "ZERENIA" on Nice Class 44 (Medical Services) in Brazil, which was approved by the Brazilian PTO on November 3, 2020 by certificate 918150906. Khiron's trademark registration remains valid until November 3, 2030, with an option to renew.

Khiron filed a trademark application on September 15, 2021 for "ZERENIA" (new logo) on Nice Class 44 (Medical Services) in Brazil. The application is under registration study by the Brazilian PTO.

Peru

Khiron filed a trademark application on April 30, 2018 for "KHIRON LIFE SCIENCES CORP." which was approved by the Peruvian Patent and Trademarks Office ("**Peruvian PTO**") on August 1, 2018 on Nice Class 3 (Cosmetics), 5 (Pharmaceutical Products) and 35 (Advertising) in Peru. Khiron's trademark registration remains valid until August 1, 2028, with an option to renew.

Khiron filed a trademark application on September 3, 2019 for "ZERENIA" on Nice Class 44 (Medical Services) in Peru, which was approved by the Peruvian PTO by Resolution No. 025573-2019 on October 25, 2019. The certificate given is the Certificate No. 00118890 and the trademark registration remains valid until October 25, 2029, with an option to renew.

Khiron filed a trademark application on Abril 12, 2021 for "ZERENIA" (new logo) on Nice Class 44 (Medical Services) in Peru, which was approved by the Peruvian PTO by Resolution No. 019461-2021 on July 5, 2021. The certificate given is the Certificate No. 00131822 and the trademark registration remains valid until July 5, 2031, with an option to renew.

Panama

Khiron filed a trademark application on April 27, 2018, for "KHIRON LIFE SCIENCES CORP." on Nice Class 1 (Chemicals for use in Industry), 3 (Cosmetics), 5 (Pharmaceutical Products), 35 (Advertising) and 44 (Medical Services) in Panama, which was approved by the Panama Patent and Trademarks Office. The Certificate No. 265761 was duly issued.

Ecuador

Khiron filed a trademark application on May 15, 2019 for "KHIRON KUIDA", on Nice Class 5 (Pharmaceutical Products) in Ecuador, which is currently under review by the Ecuadorian Patent and Trademarks Office ("**Ecuadorian PTO**").

Khiron filed a trademark application on September 23, 2019 for "KHIRON LIFE SCIENCES CORP." on Nice Class 41 (Education) in Ecuador and approved by the Ecuadorian PTO on January 22, 2020. The certificate given is the Certificate No. SENADI 2020 TI 20543 and the trademark registration remains valid until January 22, 2030 with an option to renew. A second trademark application was filed on September 23, 2019 for "KHIRON LIFE SCIENCES CORP." in Nice Class 44 (Medical Services) in Ecuador, which was also granted on June 9, 2020 by Resolution No. SENADI_2020_RS_6732. The issuance of the certificate is still pending.

Khiron filed a trademark application on September 23, 2019 for "ZERENIA", on Nice Class 44 (Medical Services) in Ecuador, which is currently under review by the Ecuadorian PTO with opposition filed against the trademark application by the company ZOETIS SERVICES LLC. The opposition was removed by the opponent due to a Coexistence Agreement reached with the above-mentioned company.

Mexico

Khiron filed a trademark application on April 27, 2018, for "KHIRON LIFE SCIENCES CORP." which was approved by the Mexican Patent and Trademarks Office ("**Mexican PTO**") on July 10, 2018 on Nice Class 3 (Cosmetics) in Mexico. Khiron's trademark registration remains valid until April 27, 2028, with an option to renew.

Khiron filed a trademark application on September 13, 2019, for "ZERENIA" on Nice Class 44 (Medical Services) in Mexico, which was approved by the Mexican PTO. The certificate given is the Certificate No. 2208586 and the trademark registration remains valid until September 13, 2029, with an option to renew.

Khiron filed a trademark application on Abril 12, 2021 for "ZERENIA" (new logo) on Nice Class 44 (Medical Services) in Mexico, which was approved by the Mexican PTO. The certificate given is the Certificate No. 2338429 and the trademark registration remains valid until December 14, 2031, with an option to renew.

Khiron filed a trademark application on October 5, 2021 for "KHIRON LIFE SCIENCES CORP." (logo) on Nice Class 5 (Pharmaceutical Products) in Mexico, which was approved by the Mexican PTO. The certificate given is the Certificate No. 2264028 and the trademark registration remains valid until June 18, 2031, with an option to renew.

Europe

Khiron filed a trademark application on October 7, 2019 for "KHIRON LIFE SCIENCES CORP." in Nice Class 44 (Medical Services) in the European Union, which was denied due to an opposition filed and an alleged likelihood of confusion by the European Union Patent and Trademarks Office ("**European Union PTO**"). An appeal was submitted by Khiron on November 25, 2021 and the decision is pending. The European Union PTO released the acknowledgement of receipt of statement of grounds and invitation for the defendant to submit observations on February 7, 2022.

Khiron filed a trademark application on October 7, 2019 for "ZERENIA" on Nice Class 44 (Medical Services) in the European Union, which was approved by the European Union PTO on October 16, 2020 by certificate 018133059.

Khiron filed a trademark application on September 9, 2021 for "ZERENIA" (new logo) on Nice Class 44 (Medical Services) in the European Union, which was approved by the European Union PTO on February 8, 2022. The certificate given is the Certificate No. 018555162.

Canada

Khiron filed a trademark application on March 13, 2018 for "KHIRON LIFE SCIENCES CORP." on Nice Class 3 (Cosmetics), 5 (Pharmaceutical Products), 35 (Advertising), 41 (Education), 42 (Scientific and Technological Services) and 44 (Medical Services), which was approved by the Canadian PTO on March 9, 2021. The certificate given is the Certificate No. 1,095,266 (word trademark) and the Certificate No. 1,095,265 (logo).

UK

Khiron filed a trademark application on May 15, 2019 for "KHIRON LIFE SCIENCES CORP." on Nice Class 5 (Pharmaceutical Products) and 44 (Medical Services), which is currently under review by the UK Patent and Trademarks Office ("**UK PTO**").

Khiron filed a trademark application on September 20, 2021 for "ZERENIA" (new logo) on Nice Class 44 (Medical Services) in UK, which was approved by the UK PTO on December 17, 2021. The certificate given is the Certificate No. UK00003697531.

Confidentiality

Khiron's policy is to require all employees and third-party contractors to sign non-disclosure agreements and intellectual property assignments to protect confidential information regarding Khiron's core business products and services.

Seasonality

Khiron's Cultivation Facility is located in a warm, dry, tropical region of Colombia with a fairly consistent average daily temperature of 30°C. We do not expect our business to be cyclical or seasonal due to the consistently warm weather suitable for year-round cultivation.

Environmental Protection

Khiron is committed to conducting its business safely and in a socially, environmentally and ethically responsible manner and recognizes the importance of a strong environmental, social, and governance framework to achieve this goal.

Environmental protection requirements in Colombia are governed mainly by legislation and regulations for environmental components (soil, water, air and biodiversity) that will be impacted in positive or negative contexts. Khiron agricultural activities do not require an environmental license since it does not import cannabis species for cultivation, raising, biological control, reproduction or commercialization purposes to establish in natural or artificial environment, that may affect the stability of wildlife ecosystems. After a detailed consultation, Khiron concluded that its Cultivation Facility has not previously been used for any intensive agricultural projects. The local environmental authority has not published any restriction for agricultural use of the site. Moreover, the land surrounding the cultivation site has been used to cultivate rice and therefore the area is cleared for agricultural production.

Khiron's HSEQ team is responsible for the identification, definition and measures for environmental controls and occupational health and safety. Khiron has developed a HSEQ management manual that includes all potential situations and measures. As part of its sustainability strategy, Khiron has implemented a strict environmental and social management system, which allows Khiron to systematically manage its environmental, social, health and safety matters. This integrated management system addresses:

- Environmental, social, and labour requirements, risks and impacts
- Monitoring water quality in accordance with internal procedures and legal requirements
- Monitoring of water, fuel and electricity consumption
- Management and removal of ordinary waste, handled by the public waste management system

- Management and removal of hazardous waste, handled by private waste management contractors with environmental licenses
- Safety and health of workers and the community
- Contractors' HSEQ practices
- Performance indicators for monitoring HSEQ processes
- The preparation and response to possible emergencies and contingencies
- Communication with key stakeholders
- Management of complaints, non-conformities, and corrective actions regarding social and environmental matters

As an example of the Corporation's commitment to reducing its impact on the environment and reliance on fossil fuel, Khiron Colombia completed installation of a 2600-panel solar park at its cultivation site in Doima, Colombia, which will significantly decrease its reliance on diesel fuel and generate up to 40% of its energy requirements for its cultivation operations. Khiron also conducts annual awareness and appropriation workshops with the local community regarding the efficient and optimum use of water resources.

Khiron has highly skilled HSEQ professionals focused on mitigation of workplace risks and environmental impacts associated with its operations. Moreover, Khiron has a training program for workers in the HSEQ field and training in first aid and fire response for all workers. The HSEQ team performs internal inspections and identifies areas where improvement is needed.

Sustainability Commitment

Khiron published during 2021 the inaugural 2020 ESG Report, showcasing the Corporation's commitment to improving environmental practices, along with the lives of patients, employees, local communities, shareholders and other stakeholders. The report outlines actions and initiatives undertaken in 2020 to strengthen ESG practices throughout the Corporation's operations and supply chain, along with Khiron's goals for 2021 and 2022. The report adheres to Global Reporting Initiative (GRI) Standards and reflects the alignment of the Corporation's goals with the United Nations Sustainable Development Goals.

ESG Report Highlights

- Conducted initial identification and assessment of material environmental, social, economic and governance issues, resulting in the identification and prioritization of 10 overarching goals in alignment with United Nations Sustainable Development Goals.
- Identified eight key stakeholder groups impacted or influenced by the Corporation, including shareholders, employees, patients, clients, local communities, the environment, suppliers, and government.
- Commissioned solar park to reduce energy consumption at production facility by up to 40%, while implementing initiatives to measure and reduce consumption of resources, including energy, water, and materials.
- Supported local communities during COVID-19 crisis by donating COVID-19 PCR testing equipment to the Santa Clara Hospital in Bogota; in addition, provided nutritional kits to vulnerable families, essential medical supplies to local hospitals, and COVID-19 training and support to community health care practitioner.
- Secured 88% of production supplies from local suppliers and employed 74% local residents at the Corporation's production facility.
- Had a positive impact on local communities, with 61% of surveyed residents indicating that the Corporation has had positive impact on the community.
- Achieved wage parity between men and women in the Corporation's workforce, while fostering a diverse and inclusive workplace.
- Promoted culture of compliance and robust corporate security; improved voluntary incident reporting by over 135x, conducted over 35 employee training sessions related to the Corporation's ESG goals, and had no regulatory infractions.
- Leveraged a culture of innovation and adaptability, pivoting quickly in response to the COVID-19 crisis, rapidly developing telemedicine channels, managing supply chain to ensure patients received medications and reprioritizing capital.

Employees

As of December 31, 2021, Khiron had 310 update employees and 107 physicians under contract (83 through a service agreement and 24 full-time equivalent).

Khiron is in material compliance with all applicable labour laws.

Foreign Operations

The Corporation's cannabis products are highly regulated in the foreign jurisdictions in which it operates. Following is a summary of the regulatory framework in each jurisdiction in which the Corporation currently sells or plans to sell Medical Cannabis Products and/or Wellbeing Products.

Colombia

Khiron's core operations are in Colombia and are carried out through Khiron Colombia. As a cultivator of cannabis (both psychoactive and non-psychoactive) and manufacturer of cannabis products, the Corporation is substantially dependent on the licenses for cultivation, production and other regulatory activities, and quotas (for psychoactive cannabis), granted to Khiron Colombia.

Over the past 50 years, Colombia developed comprehensive regulation that took a hardline approach to narcotics and trafficking in response to the growing influence of international treaties and the efforts of governments to coordinate their drug policies. In the mid-1990s, Colombia decriminalized personal possession and consumption of cannabis under Judgment C-221 of 1994 of the Constitutional Court. While this represented a shift in approach by Colombian lawmakers, a constitutional amendment in 2009 reversed the effects of Judgment C-221 of 1994 and reinstated the prohibition on personal possession and consumption of narcotic or psychotropic substances, even on a personal dose basis, unless supported by a medical prescription.

Despite the constitutional amendment in 2009, Colombian cannabis legislation trended towards a preventative and rehabilitative approach. The Colombian Constitutional Court, through rulings SU-642 of 1998 and C-336 of 2008, among others, established that the right to the free development of personality, also known as the right to autonomy and personal identity, grants individuals the right to self-determination, the freedom and independence to govern his/her own existence and determine a lifestyle according to his/her own interests; provided, that the rights of others and the constitutional order are respected.

In January 2013, the Advisory Commission on Drug Policy (the "**Drug Policy Commission**") was established to provide recommendations on how legislation should treat criminal networks and citizen drug users, as well as the quantities to be considered as suitable personal amounts. In July 2014, the Drug Policy Commission issued an initial report submitted to the Ministry of Justice analyzing the conditions of drug use in Colombia and proposing guidelines to update the policy.

In May 2015, the Drug Policy Commission published its final report, which proposed a review of the drug policy in the country and made important recommendations, such as: (i) the creation of an agency for drug policy; (ii) measures to help reduce the risk to consumers; (iii) to rethink the fumigation involved with cultivation; (iv) regulation of medicinal cannabis; (v) alternative means to measure the success of policies against drugs; (vi) modernize the National Statute on Drugs and Psychoactive Substances; and (vii) to lead the global drug policy debate.

As a result of the final report of the Drug Policy Commission, the Colombian President approved and sanctioned Law 1787 of 2016 to regulate the use of cannabis for therapeutic purposes. The law, marked a new direction in the legislative approach to drugs. Law 1787 amended articles 375, 376 and 377 of the Colombian Criminal Code (the "**Criminal Code**") to remove sanctions against the medical and scientific use of cannabis used under a license granted by the relevant authorities. This amendment was required given that the Criminal Code expressly provided a general prohibition to the cultivation, conservation or financing of marijuana plantations among other related activities.

The following table summarizes regulations applicable to the cultivation, fabrication, import, export and use of cannabis in Colombia.

Regulation:	Regulates:
Law 1787 of 2016	Legalizes the use of Cannabis for medical and scientific purposes
Ministry of Health Resolution 2892 of 2017	Regulates the evaluation and control of the Fabrication of Cannabis derivatives (High-THC Production Licence) Provides guidelines for appropriate security protocols for manufacturing cannabis derivatives including physical security, monitoring, detection, and incident reporting to authorities
Ministry of Health Resolution 2891 of 2017	Regulates the cost of the High-THC production licence
Ministry of Health Resolution 1478 of 2006	Regulation of the control, monitoring and surveillance of the import, export, processing, synthesis, manufacture, distribution, dispensing, purchase, sale, destruction and use of controlled substances, medicines or products containing them and on those which are State Monopoly
Ministry of Health Decree 2200 of 2005	Regulates pharmaceutical services including the Magistral Preparations
INVIMA Guidelines for GEP certification of Magistral Preparations with Cannabis issued 25 October 2019	Establishes the requirements for labs to obtain the GEP certification for the fabrication of Magistral Preparations with Cannabis derivatives
Resolution No. 315 of 2020	Regulates controlled substances and establishes the procedure to export and import cannabis by-products and sets the acceptable limit of THC percentage in cannabis-based medicaments
Decree 811 of 2021	Regulate the evaluation, monitoring, and control of the activities of import, export, cultivation, production, manufacture, acquisition of any title, storage, transport, commercialization, distribution, final disposal and use of dyes, manufacture, acquisition under any title, storage, transport, commercialization, distribution, final disposal and use of cannabis. This Resolution replaces Decree 613, 2017.
Resolution No. 2292 of 2021	Includes THC and CBD molecules into the Insurance Benefits Plan
Resolution No. 227 of 2022	Regulates: licenses, quotas and authorizations for safe and informed access to the use of cannabis, cannabis plant, its derivatives and products. This Resolution replaces Resolution No. 577, 578, 579 of 2017

Licenses

The Ministries of Health, Justice, and Agriculture issued Decree 811 of 2021 to define the licenses that may be granted in respect of permissible activities related to medicinal cannabis including:

(i) production of cannabis derivatives;
(ii) use of seeds for planting;
(iii) planting of psychoactive cannabis plants; and
(iv) planting of non-psychoactive cannabis plants.

Khiron Colombia has obtained licenses in each of the above categories, required to conduct its operations. Licences are not transferable, exchangeable or assignable and are valid for ten years and may be renewed for additional ten-year terms upon request. Each of the Licenses is in good standing and has not expired. None of the Licenses are subject to any current, pending, or threatened regulatory actions.

A detailed list of Khiron Colombia's current licenses required to conduct its operations in compliance with applicable laws is included in Schedule "**A**" to this AIF.

License Type	Status	Issued by	Key Requirements for Compliance, Maintenance, Renewal for all license types
License to cultivate plants of Non-Psychoactive Cannabis	Obtained	Ministry of Justice	• Attending inspections; • Reporting suspicious activity; • Keeping up-to-date records; • Amending license within 30 days of occurrence of certain fundamental changes; • Filing import and export declarations with the Ministry of Justice and FNE; • Compliance with security protocol; • Observing quotas; payment of applicable fees.
License to cultivate plants of Psychoactive Cannabis	Obtained	Ministry of Justice	
License to manufacture Cannabis Derivatives for a) national use, b) Scientific Research and c) export	Obtained	Ministry of Health	
License to Import non-psychoactive and psychoactive cannabis seeds	Obtained	ICA	
License to Export non-psychoactive and psychoactive cannabis seeds	Obtained	ICA	
License to produce non-psychoactive and psychoactive cannabis seeds	Obtained	ICA	

Magistral Preparations with Cannabis

Khiron produces a category of products known as magistral preparations with cannabis, regulated under Decree 811 of 2021 and Decree 2200 of 2005. Magistral preparations are customized prescription products that do not require a sanitary permit, as they are not mass-market products with standardized characteristics but must be prepared by a licence holder in a laboratory that meets GEP Standards.

In order to sell and distribute such medicines in Colombia, it is necessary to comply with the Guidelines for the GEP certification for Magistral Preparations with Cannabis issued the 25 of October of 2019 by INVIMA. The Corporation is required to operate, or have an agreement with, a laboratory that is certified as complying with for GEP for Magistral Preparations with Cannabis. Khiron Colombia has a service contract with a laboratory that is GEP certified for magistral preparations with cannabis. In addition, magistral preparations with more than 1% of THC (High-THC) are also subject to applicable quotas, which are described below.

Quotas

Decree 811 of 2021 also sets out the requirements and criteria for the assignment of quotas for psychoactive cannabis cultivation, cannabis by-product production and other related activities. Cultivation licenses are subject to quotas that limit the amount of crop that may be cultivated and the quantity of cannabis derivatives that may be manufactured. Non-psychoactive cannabis is not subject to the quotas.

Production of High-THC cannabis – is strictly regulated, involving a rigorous process that requires companies to register strains with ICA, complete product and stability testing, and prove legal demand for their products to receive commercial quotas. Khiron Colombia received quotas for both commercial cultivation and commercial fabrication from TQG in 2020. In 2021, Khiron Colombia has already received manufacturing quotas for transforming 4.3 tons of dry cannabis flower into cannabis derivatives and 104.047 cuttings for cultivation ordinary quota. Quotas will only be allocated to licences' that have registered strains such as Khiron.

See "*Strain Registration*" below. For 2022 it was requested 3.2 tons of manufacturing quota of dry cannabis flower for transforming into derivatives, and 78.086 cuttings for cultivation.

Cultivation quotas are granted by the Ministry of Justice whereas transformation quotas are granted by INVIMA. Quotas must be applied for on an annual basis by no later than April of the preceding year. For example, a licensee is required to apply for a quota by April 2019 for its 2020 quota. A quota is valid only in the year for which it was granted and may not be carried forward to future years. Quotas are granted on the basis of demand for the licensee's crop or products, not on the basis of a licensee's capacity. If a licensee's demand exceeds the quota initially granted, the licensee may apply for supplementary quotas.

Strain Registration

Khiron Colombia has 56 cannabis strains at various stages of the registration process. In order to secure quotas, a licensee's cannabis strains must undergo a defined registration process. Each strain, whether High- or Low-THC, must undergo agronomical evaluation by the Colombian Agricultural Institute (ICA). In order for strains be included in the National Registry of Cultivars, the following steps must be completed:

(i) Genetic Stabilization;
(ii) Agronomical Test;
(iii) Strain Registration Phase 1 (allows the licensee to enter a strain in the registry); and
(iv) Strain Registration Phase 2 (allows the licensee to commercialize any cannabis product derived from the specific strain in the registry).

Khiron Colombia has also obtained a favorable decision from ICA to register 10 additional strains including both psychoactive and non-psychoactive strains. Based on the yields of each strain, as determined by the agronomical testing, Khiron may decide to register fewer than the 56 available strains. The decision whether to complete the registration process for a strain will depend on several factors, including the cannabinoid profile, as determined by the agronomical testing, and the Corporation's intended uses. An additional 24 strains are available for testing and registration if required. Tables showing Khiron Colombia's strains and their registration status are included in Schedule "**B**".

Peru

Khiron's wholly owned Subsidiary, Khiron Peru, was established for the purpose of importation of Cannabis derivatives products for the sale of medical cannabis, initially magistral preparation. Following is a history and overview of cannabis regulation in Peru applicable to importation and commercialization of medical cannabis.

DIGEMID is the governmental office responsible for issuing the importation and commercialization license. In addition, the Ministry of Interior will participate in evaluating the "security protocols" of all the activities described.

Law 30681 of 2017, currently in force, establishes the regulatory framework in Peru that allows access to cannabis and its derivatives for medical and therapeutic use. Additionally, Supreme Decree 005 of 2019, by which Law 30681 of 2017 is regulated, sets forth the conditions in relation to safe access to the medical and therapeutic use of cannabis. This norm focuses on regulating the commercialization of the following categories of Cannabis derived medical products:

- Cannabis Herbal Medicine: Cannabis derivative for medicinal use, which is a finished medicinal product, made from the Cannabis plant and presented in pharmaceutical form, which has therapeutic activity and whose efficacy, safety and quality have been scientifically demonstrated to the competent authority;
- Pharmaceutical preparation derived from Cannabis for medicinal use (Magistal Preparations): Prepared under master formulas, prepared by or under the direction of a professional pharmaceutical chemist, in a specialized pharmaceutical office or pharmacy of a health establishment, according to technical and pharmaceutical standards;
- Pharmaceutical Product derived from Cannabis: Herbal medicine or pharmaceutical speciality which contains cannabis derivatives for medicinal use, and which has completed all the production steps including packing and final packaging; and,

- Natural Product for medical use with Cannabis Derivatives: A standardized product under pharmaceutical presentation, which is not subject to the development stages as a medicine. It will require sanitary registration for commercialization within the natural health product category, and includes oils, tinctures, resins, extracts, and other forms.

Supreme Decree 005 also introduced a licensing system for the following activities and classes of Cannabis derived products:

- Research License;
- Import/Commercialization License and Production License for Cannabis for Medical Use (Psychoactive Cannabis, THC greater than 1% in dry weight); and
- Cultivation and Industrialization License for Cannabis for medical use (Non-Psychoactive Cannabis, THC greater than 1% in dry weight).

Additionally, Supreme Decree 005, established that hemp derived products are not considered as narcotic drugs, so annual quota or official import certificates will not be required for commercialization. Annual fabrication quota import certificates will be required for psychoactive cannabis.

Law 29459 of 2009, and Supreme Decrees 016 and 014 of 2011 (by which Law 29459 is regulated), established that, for import and commercialization of medical products and raw material for magistral preparations, the importer must obtain Sanitary Authorization of Operation and have GSP certification. The GSP certification confirms that a company has implemented the standard operational procedures required for storage of finished products (including cannabis).

Additionally, in Peru, only registered pharmaceutical establishments who have fulfilled GSP requirements are authorized to participate in wholesale import and commercialization of cannabis products. Khiron currently holds the necessary license that certifies the company as a registered pharmaceutical establishment, and further, has received its GSP certification from Peru's DIGEMID on October 9, 2019, which is valid until October 9, 2022.

In addition, businesses are required to submit security protocols which detail a specific anti-diversion plan, to the Anti-Narcotics Unit of the Ministry of Interior.Upon approval of their security plan, companies can then present a license application to DIGEMID for final approval. The Corporation submitted its security protocols to the Peruvian government in November 2019 and has received its approval.

In 2020, Khiron Peru started importing the whole plant extract from Khiron Colombia and has retained a third-party laboratory to transform the extract into magistral preparations for commercialization. The laboratory is also subject to GSP certification (obtained), security protocols (obtained) and a commercialization license (obtained), with all these permits Khiron Peru started commercializing Magistral Preparations. The current portfolio includes presentations of CBD at 30 and 100 mg/ml, THC at 20 20 mg/ml, and balanced formulas at 12:13 and 27:25 mg/ml of CBD and THC, respectively.

In 2021, health registrations were obtained for two finished products with cannabis derivatives, ALIXEN 30 and ALIXEN 100, with 30 and 100 mg/ml of CBD, respectively. It is planned for 2022 to start marketing and obtain health registrations for presentations rich in THC and balanced.

Uruguay

In 2020 two new Decrees were passed to simplify the export process of medical cannabis. The Decree 214/2020 allows companies to export psychoactive cannabis flower – defined in Uruguay as having 1% THC or more – harvested between 2018 and 2020. The product does not need be registered as a medicine in Uruguay. Several requirements would still apply, however, including a stipulation that the health authority of the receiving destination approves the import. The Decree 215/2020 simplifies the trade of no psychoactive plant material inside Uruguay as well as for export, allowing hemp plant material harvested between 2018 and 2020 to be exported for medicinal purposes without the need to first register the products as medicines under the Uruguayan Ministry of Health.

The Decree 282/2020 Authorizes Customs warehouses regulated in decrees No. 97/015 and 99/015 to carry out functions as pharmaceutical operators with cannabis products granted by the Ministry of Public Health and the corresponding license from the Institute of Regulation and Cannabis Control in force, to carry out operations such as commercial deposits or storage of cannabis-based products derived from cannabis or cannabinoids, plants or finished or semi-finished products of cannabis for medicinal purposes, provided that said operations do not involve alterations in the nature of the products.

Mexico

The following is a summary on the Regulation to the General Health Law on Sanitary Control for the Production, Research and Medicinal Use of Cannabis and its Pharmacological Derivatives in Mexico issued on January 2021. The approved regulation is intended to regulate all activities related to the production, manufacture, importation and use of medicinal cannabis in Mexico and is presented as a complementary regulation to the existing General Health Law in force to date.

As of the implementation of the regulation, the following activities are allowed:

1. Planting and growing cannabis
2. Seed production
3. Production of raw material for the elaboration of pharmacological derivatives and medicines
4. Importation of pharmacological derivatives and final product (medicines)
5. Research
6. Local analysis
7. Medical, diagnostic, preventive, therapeutic, rehabilitative, and palliative care uses

For the development of the activities described above, all material derived from cannabis will be considered controlled, regardless of its tetrahydrocannabinol content. In this sense, the Mexican government devised a system that integrates a single new license with the previous existing regulation for the operation of laboratories dedicated to the production of pharmaceutical raw materials and other establishments dedicated to the marketing, distribution and dispensing of medicines, which with pre-existence of the regulation, they already had to have a sanitary license with scope of handling of controlled products duly issued by the competent authority, in this case the Federal Commission for the Protection against Sanitary Risks (COFEPRIS).

The regulation begins by describing in detail the need to ensure the production chain with the accompaniment of a quality control laboratory duly accredited for this purpose. For this reason, it is necessary that the holder of the sanitary registry has the support of a duly laboratory licensed and that guarantees compliance with good laboratory practices.

Research activities will be allowed prior approval of the research protocol by COFEPRIS, and the presentation of documents proving the origin of the raw material, the amount to be used and the document that proves compliance with the test and traceability.

Production activities are specifically aimed at controlling the sowing, cultivation and harvesting of cannabis, under strict control and supervision measures of the regulatory entities. In this sense, the production of raw material is authorized only for the purpose of manufacturing pharmacological derivatives and medicines or for research.

For primary production, regulations are still pending by the phytosanitary entities SENASICA, SADER and SNICS to guarantee the health and certification of the seeds to be sown. Similarly, the importation of plant material for propagation will be allowed.

In relation to medicinal purposes, all drug derivatives and cannabis-based drugs may only be prescribed by medical professionals registered with COFEPRIS. These doctors will be given an official recipe book with a specialized barcode or QR code that will allow the prescription to be traced by COFEPRIS.

Drug stores, pharmacies and apothecaries authorized to supply cannabis medicines must keep a register of patients. Additionally, the prescription and distribution of cannabis medications will also be allowed in establishments that provide auxiliary diagnostic and treatment services that:

- contain an operating notice
- have a health license in the terms of the Health Law (the requirements will depend on the type of establishment if it is a laboratory, pharmacy, etc.)
- have a sanitary manager registered by COFEPRIS
- have control books as defined by COFEPRIS
- are in compliance with good clinical practices and applicable standards
- have adequate personnel and facilities
- facilitate health surveillance activities

For the manufacture of cannabis derivatives and drugs, there must be a Control Book authorized by COFEPRIS and a safekeeping and custody assurance system. The Control Book must be signed by the head of the laboratory or by the requesting institution and must record basic data on the origin of the raw material and specification of its use.

Establishments that use raw materials derived from cannabis must notify during the months of January to May the forecasts of the quantities to be used during the following year, which will be authorized depending on the quota assigned to the country in order to request the import licenses.

Marketing will only be allowed to authorized establishments such as pharmacies, drugstores or apothecaries duly authorized in accordance with the general health law.

The use of cannabis in homeopathic medicines will only be allowed when it is diluted and energized. Its use in remedies will not be allowed herbalists.

The importation of raw material (understood as plant material for propagation) will be allowed, pharmacological derivatives and cannabis medicines. For the purposes of importing, it must be requested by an establishment and will only be accepted after obtaining a sanitary permit from the competent authority. To obtain the prior import permit, the following are required:

- have a sanitary license (be an accredited establishment)
- notification of the sanitary manager registered by COFEPRIS
- have authorized control books and report the annual forecasts
- if the import is for research purposes, present a copy of the authorized protocol
- copy of the sanitary registry in case of importation for the manufacture of medicines.

The importation of drugs intended for personal use and medical purposes is allowed, for which a prior import permit will be granted. For this, it will be necessary to provide the medical prescription where the identification number of the health professional is established, the product and the quantity to be imported.
Healthcare Establishments are authorized to supply cannabis medicines in accordance with the general health law.

In terms of advertising and marketing, only advertising that is aimed at health professionals is allowed and must be limited to what is approved by the Ministry of Health in the drug's health registry. Establishments that commercialize drugs must: have a health license, have a person in charge, have a Control Book, have a Federal Taxpayer Registry for tax purposes and comply with the provisions for the trade of controlled substances or narcotics according to the general health law.

Brazil

Khiron has incorporated a Subsidiary in Brazil through which to conduct future import and other business operations. Khiron's initial entry into the Brazilian market is expected to be via the importation of Khiron Colombia's medicinal cannabis extracts on a personal use basis, which is permitted under the Brazilian regulatory framework described below. Medicinal cannabis product from Khiron Colombia has been specifically approved by ANVISA for importation under the personal use provisions. The export from Colombia is subject to the issuance of export permits, CBD was received on May 2021 and TCH products is expected

to be received in Q32022. Due to the COVID-19 pandemic, the Corporation may experience regulatory delays that could affect this timeline.

On December 4, 2019, ANVISA, the National Agency for Health Surveillance of Brazil, announced that it had established a legalized environment for the sale and consumption of cannabis for medical use. Resolution of the Collegiate Board N. 327 (Resolution 327), issued on December 9, 2019, allows a new class of medical cannabis-based products to be prescribed by doctors and sold through pharmacies. The resolution was approved unanimously and is valid for an initial three-year term. Resolution 327 came into force on March 10, 2020.

Brazil's new regulatory framework for medical cannabis, administered by the ANVISA, establishes a comprehensive procedure for the manufacture and import of medical cannabis products and requirements for commercialization, prescription, dispensing, monitoring and supervision. The regulations create a new class of medical cannabis-based products that may be prescribed by doctors and sold through pharmacies, enabling safe and legal access for patients.

Among other things, Resolution 327 prohibits the import of all parts of the cannabis plant, (including dried flower) and only permits the import of fully manufactured extracts or formulated products of cannabis. Local cultivation of cannabis in Brazil continues to be prohibited. Resolution 327 differentiates between cannabis-based medicines and cannabis-based products.

For both, all regulations related to the monitoring and inspection actions related to drugs apply. The responsible company must have a Company Operation Authorization and a Special Authorization. Cannabis-based medicines and products may be dispensed exclusively by a pharmaceutical professional at pharmacies without manipulation or drugstores, upon presentation of a prescription by a medical professional.

Cannabis-based medicines

Cannabis-based medicines are subject to prior evaluation by ANVISA similar to that performed for new drug applications, including a review of technical and clinical data proving safety and efficacy for use as a medicine. As clinical data is currently lacking due to the relatively recent legalization of cannabis, most cannabis producers, including Khiron, will not be in a position to apply for registration of their products under the cannabis-based medicine category. However, the regulations provide an entry point to cannabis registration via the cannabis-based product category.

Cannabis-based products

Cannabis-based products are subject to Sanitary Authorization. A Sanitary Authorization is an authorization of the manufacturing, importing, and commercialization of cannabis-based products for medicinal purposes issued by ANVISA. Only manufacturers that have GMP certification or importing companies that comply with Good Practices for Distribution and Storage of drugs and medicines, may apply for a Sanitary Authorization for cannabis-based products.

A cannabis-based product cannot contain a trade name; only the name of the phytopharmaceutical or vegetable derivatives and the name of the company which holds the Sanitary authorization are permitted. The Sanitary Authorization term is for five years and cannot be renewed. Once expired, there must be a request for registration as a cannabis-based medicine, which would require companies to demonstrate safety and efficacy data from clinical research for registration as a cannabis-based medicine.

There is a simplified procedure for obtaining a Sanitary Authorization for cannabis-based products will have a simplified procedure based on an application filed by the interested company, prior to the manufacturing, importing or marketing of the product. The "simplified procedure" is an administrative procedure that requires the submission of documents including technical and labelling information on the product. The Sanitary Authorization is granted for each commercial presentation of a cannabis-based product by publication in the Official Gazette. The marketing of the Cannabis-based product is only permitted after the publication.

Only doctors legally qualified by the Federal Council of Medicine can prescribe Cannabis-based products. The physician should only rely on technical data capable of suggesting that this alternative can be effective and safe. The patient or their legal representative, must sign an informed consent which should be completed with Cannabis-based product specific data.

Cannabis-based products must have predominantly CBD and will be classified according to the respective percentage of THC, as either not more than 0.2% THC or greater than 0.2% THC. Cannabis-based products with not more than 0.2% THC may be prescribed when other therapeutic options available in the Brazilian market are exhausted. Cannabis-based products with greater than 0.2% THC is for palliative care exclusively for patients without other therapeutic alternatives and in irreversible or terminal clinical situations.

Regardless of the THC concentration, cannabis-based products will be allowed for oral or nasal use only. Cannabis in cosmetics, smoking products, or foods are not permitted. Advertising and free samples of cannabis-based products is also prohibited under the regulations.

Importation by Individuals for Personal Use

In January 2020, ANVISA published RDC No. 335/2020 to establish the criteria and procedures for the special import of cannabis-based products by individuals, for personal use in a health treatment, upon prescription of a medical professional. The new measures create a more simplified process for personal importation of cannabis-based products than under the previous regulations revoked by RDC No. 335/2020. To further ease the process of importing cannabis-based products, the application documents required from the patient were also simplified. For importing purposes, the patient or his legal representative must fill an application form on the Federal Government website and attach a prescription indicating their need for the product. The prescription must include the name of the patient, as well as the product, dosage, date, signature, and registration number of the prescribing professional. The authorization is valid for two years.

Chile

The Corporation's Chilean Subsidiary, Khiron Chile S.p.A., was established to carry out the Corporation's expansion into Chile via the business relationship with Dayacann. The Corporation is currently re-evaluating its strategy in Chile, based on general delays in development of the regulatory framework for medical cannabis by the Chilean government. As a result, the Corporation does not expect that commercialization of medical cannabis products in Chile will be possible during the 2022 calendar year.

UK

Misuse of Drugs Act 1971 ("MDA 1971"):

In the United Kingdom, the principal statutory measure as it relates to drugs/narcotics is MDA 1971 which specifies that drugs in three categories (according to their relative harm), namely in Classes A, B and C, are controlled by Schedule 2 of MDA 1971. Cannabis and its derivatives come under Class B. MDA 1971 sets out different criminal offences, such as importation, production and supply, possession, and cultivation of cannabis.

Section 7(1) MDA 1971 provides the Secretary of State with the necessary authority to make exceptions in certain circumstances in order to make lawful activities which, under MDA 1971 would under other circumstances be deemed unlawful. Corporate bodies and their officers can commit offences under MDA 1971.

Misuse of Drugs Regulations 2001("MDR 2001"):

MDR 2001 regulates the availability of controlled drugs that have a recognized and legitimate use, by putting them in 1 of 5 schedules to MDR 2001. The schedule into which a drug is placed dictates the extent to which it is lawful to import, export, produce, supply, and administer and possess the drug and also imposes requirements around prescription writing, record keeping, labeling and safe custody. Drugs listed in schedule 1 of MDR 2001 can only be possessed or supplied under a Home Office license and cannot be prescribed by a medical practitioner.

The Misuse of Drugs (Designation) Order 2001 ("MDDO 2001"):

MDDO 2001 designates drugs listed in schedule 1 to MDR 2001 (Cannabis and its derivatives) as drugs to which section 7(4) MDA 1971 applies.

Recent Developments:

In June 2018, the Home Office undertook a review of cannabis and if the review identified significant medical and therapeutic benefits, the intention would be to reschedule cannabis for medicinal use.

A further announcement was made by the Home Office in July 2018, which confirmed that the Home Secretary had decided to reschedule medicinal cannabis products which meet certain standards (to schedule 2 to MDR 2001 (such that they are acknowledged as having medical value but are also open to abuse), from schedule 1) after receiving advice from experts during the two-part review commissioned on 19 June 2018. This now means that senior clinicians have, from 1 November 2018, been able to prescribe cannabis-based medicines to patients with an exceptional clinical need.

The decision to prescribe unlicensed medicines must be made by a specialist doctor not a general practitioner; these doctors focus on one field of medicine such as neurology or pediatrics and are listed on the United Kingdom General Medical Council's specialist register. They must make decisions on prescribing cannabis-based products for medicinal use on a case-by-case basis, and only when the patient has an unmet special clinical need that cannot be met by licensed products.

Germany

Germany operates a highly regulated regime with respect to the production, approval and dispensing of medicinal cannabis, developed in response to its obligations pursuant to the 1961 Single Convention.

The Corporation's Spanish subsidiary, Khiron Life Sciences Spain S.L.U. has an agreement with Nimbus Health, a leading German distributor of medical cannabis products. Khiron branded medical cannabis products are imported by Nimbus Health from the EU-GMP certified producer in Spain and are available in Germany for prescription by doctors and dispensation in pharmacies.

In Germany, cannabis, both in the form of flowers as well as extracts, is regulated by the Betäubungsmittelgesetz ("**Narcotics Law**"). The Narcotics Law also regulates cannabis manufactured for medical purposes under State control in accordance with Articles 23 and 28 para. (1) of the 1961 Single Convention. Consequently, all cannabis-related activities (namely cultivation, production, trading, importation, exportation, sale, or other placing in the market) are generally prohibited, except when carried out by entities operating under a permit by the competent authority, according to Section 3 para. (1) No. 1. of the Narcotics Law.

With respect to medical cannabis, this is defined as a medicinal product within the meaning of Section 2 para. (1) or (2) no. 1 of the Arzneimittelgesetz ("**Medicines Act**"). In addition to the required permission pursuant to the Narcotics Law, the wholesale trade of medical cannabis must also comply with the specific regulations of the Medicines Act.

In addition to the general permission under Section 3 of the Narcotics Law, anyone wishing to participate in cannabis-related activities will need an import or export authorisation from the Bundesinstitut für Arzneimittel und Medizinprodukte (*BfArM)* for each individual import and export transaction.

In accordance with Section 21 para. (1) of the Medicines Act, finished medicinal products may only be placed on the market if they have previously been approved by the competent authority.

Access to medical cannabis in Germany is handled in the majority of the Bundesländer (Federal States) by way of pharmacies dispensing pharmacy-compounded products.

Spain

Spain ratified the 1961 Single Convention and the 1971 Convention on Psychotropic Substances. The general law regulating controlled substances was passed in 1967 by way of Law 17/1967. Pursuant to Law 17/1967,

the Spanish State (central government) oversees the cultivation, production, manufacture, extraction, storage, transport and distribution, import, export and transit of raw materials and narcotics, as well as the prescription, possession, use and consumption thereof. Law 17/1967 refers to Schedules I and II of the 1961 Single Convention to limit the definition of "narcotics" for the purposes of Spanish regulations. Narcotics listed in Schedule IV are considered as prohibited materials. No person may perform any of the activities within the scope of Law 17/1967 without the relevant license or authorization. Licenses and authorizations for the cultivation, production, manufacturing, import and export of cannabis are issued by the Spanish AEMPS.

RISK FACTORS

Due to the nature of Khiron's business, the legal and economic climate in which it operates and its present stage of development, Khiron is subject to significant risks. The risks presented below should not be considered to be exhaustive and may not be all of the risks that Khiron may face. Additional risks and uncertainties not presently known to Khiron or that Khiron currently considers immaterial may also impair the business and operations. If any of the following or other risks occur, the Corporation's business, prospects, financial condition, results of operations and cash flows could be materially adversely impacted. In that event, the trading price of Khiron Shares could decline, and investors could lose all or part of their investment. There is no assurance that risk management steps taken will avoid future loss due to the occurrence of the risks described below or other unforeseen risks.

Risks Relating to the Corporation's Business and Operations

Limited Operating History

Khiron was founded in 2017 and, as such, it has a limited operating history upon which its business and future prospects may be evaluated. Khiron will be subject to all of the business risks and uncertainties associated with any new business enterprise, including the risk that it will not achieve its operating goals. In order for Khiron to meet future operating and debt service requirements, Khiron will need to be successful in its growing, marketing and sales efforts. Additionally, where Khiron experiences increased sales, Khiron's current operational infrastructure may require changes to scale Khiron's business efficiently and effectively to keep pace with demand and achieve long-term profitability. If Khiron's products and services are not accepted by new customers, Khiron's operating results may be materially and adversely affected.

Managing Growth

In order to manage growth and change in strategy effectively, Khiron must (i) maintain adequate internal systems and controls to meet customer demand; (ii) expand sales and marketing, distribution capabilities and administrative functions; (iii) expand the skills and capabilities of its current management team; and (iv) attract and retain qualified employees. While it intends to focus on managing its costs and expenses over the long term, Khiron expects to invest to support its growth and may have additional unexpected costs. It may not be able to expand quickly enough to exploit potential market opportunities.

Dependence Upon Management and Key Employees

The Corporation's success is dependent upon the ability, expertise, judgment, discretion and good faith of its senior management and key employees. While employment agreements and incentive programs are customarily used as primary methods of retaining the services of key employees, these agreements and incentive programs cannot assure the continued services of such employees. Any loss of the services of such individuals, or an inability to attract other suitably qualified persons when needed, could have a material adverse effect on the Corporation's business, operating results, or financial condition. Competition for qualified technical, sales and marketing staff, as well as officers and directors can be intense and no assurance can be provided that the Corporation will be able to attract or retain key employees in the future, which may adversely impact Khiron's operations.

Dependence on Suppliers and Skilled Labour

The Corporation's ability to compete and grow will be dependent upon having access, at a reasonable cost and in a timely manner, to skilled labour, equipment, parts, and components. No assurances can be given that the Corporation will be successful in maintaining the required supply of skilled labour, equipment, parts, and

components. It is also possible that the final costs of the major equipment contemplated by capital expenditure programs may be significantly greater than anticipated or available, in which circumstance there could be a materially adverse effect on the Corporation's financial results.

Conflicts of Interest

The Corporation may be subject to various potential conflicts of interest because of the fact that some of its officers, directors and consultants may be engaged in a range of business activities. Situations may arise in connection with potential acquisitions or opportunities where the other interests of these directors' and officers' conflict with or diverge from the Corporation's interests. In accordance with the British Columbia Business Corporations Act, directors who have a material interest in any person who is a party to a material contract, or a proposed material contract are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract. In accordance with applicable laws, the Corporation's directors are required to act honestly, in good faith and in the best interests of Khiron.

Reliance on One Facility

The cultivation facility in Colombia is currently Khiron's only licensed facility to cultivate and sell cannabis. The Corporation's revenue is dependent on the uninterrupted operation of its production at this facility. Khiron's operations may be disrupted by a variety of risks and hazards that are beyond its control, including, but not limited to, fires, power outages, labour disruptions, supply disruptions, natural disasters, public health emergencies and the inability to obtain suitable or adequate machinery, equipment or labour as well as any interruption in its operations as a result of any failure to comply with all applicable laws and regulations involved or security breaches in the cultivation and production of medicinal cannabis.

Frequent or prolonged occurrence of any of the aforesaid events may have a material adverse effect on the Corporation's business, financial condition, and results of operation. If there is any damage to the Corporation's production facilities, it may not be able to alleviate the impact of such damage in a timely and proper manner or at all. Any breakdown or malfunction of any of the Corporation's information technology systems and equipment could cause a material disruption of its operations. Adverse changes or developments affecting this facility could have a material and adverse effect on the Corporation's business, financial condition, and prospects.

Certain contemplated capital expenditures of Khiron may require approval of government regulatory authorities. There is no guarantee that government regulatory authorities will approve any contemplated expansion and/or renovation, which could adversely affect the business, financial condition, and results of Khiron's operations.

Product Viability

If the products Khiron sells are not perceived to have the effects intended by the end user, its business may suffer and the business may be subject to products liability or other legal actions. Many of Khiron's products contain innovative ingredients or combinations of ingredients. There is little long-term data available with respect to efficacy, unknown side effects and/or interaction with individual human biochemistry, or interaction with other drugs. Moreover, there is little long-term data available with respect to efficacy, unknown side effects and/or its interaction with individual animal biochemistry. As a result, Khiron's products could have certain side effects if not taken as directed or if taken by an end user that has certain known or unknown medical conditions.

Demand for Cannabis and Derivative Products

The legal cannabis industry is at an early stage of its development. Consumer perceptions regarding legality, morality, consumption, safety, efficacy, and quality of medicinal cannabis are mixed and evolving and can be significantly influenced by scientific research or findings, regulatory investigations, litigation, media attention and other publicity regarding the consumption of medicinal cannabis products. There can be no assurance that future scientific research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favorable to the medicinal cannabis market or any particular product, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favorable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for medicinal cannabis and on the business, results of operations,

financial condition, and cash flows of Khiron. Further, adverse publicity reports or other media attention regarding cannabis in general or associating the consumption of medicinal cannabis with illness or other negative effects or events, could have such a material adverse effect. Public opinion and support for medicinal cannabis use has traditionally been inconsistent and varies from jurisdiction to jurisdiction. While public opinion and support appears to be rising for legalizing medicinal cannabis, it remains a controversial issue subject to differing opinions surrounding the level of legalization. Khiron's ability to gain and increase market acceptance of its business may require substantial expenditures on investor relations, medical education, strategic relationships, and marketing initiatives. There can be no assurance that such initiatives will be successful, and their failure may have an adverse effect on Khiron.

Third party transportation

The Corporation relies on third party transportation services and importation services to deliver its products to its customers. Khiron is exposed to the inherent risks associated with relying on third party transportation service-providers, including logistical problems, delays, loss or theft of product and increased shipping and insurance costs. Any delay in transporting the product, breach of security or loss of product, could have a material adverse effect on the Corporation's business, financial performance, and results of operations. Further, any breach of security and loss of product during transport could affect Khiron's status as a licensed producer.

Security breaches

Breaches of security at our facilities may occur and could result in damage to or theft of products and equipment. A security breach at any one of our facilities could result in a significant loss of inventory or work in process, expose us to liability under applicable regulations and increase expenses relating to the investigation of the breach and implementation of additional preventative security measures, any of which could have an adverse effect on our business, financial condition, and results of operations.

Cyber-security and privacy risks

The Corporation may be subject to risks related to our information technology systems, including cyber-attacks, malware, ransomware, and phishing attacks that could target our intellectual property, trade secrets, financial information, personal information of our employees, customers and patients, including sensitive personal health information. The occurrence of such an attack could disrupt our operations and expose the Corporation to financial losses, contractual damages, liability under labour and privacy laws, reputational damage, and additional expenses. We have implemented security measures to protect our data and information technology systems; however, such measures may not be effective in preventing cyber-attacks. We may be required to allocate additional resources to implement additional preventative measures including significant investments in information technology systems. A serious cyber-security breach could have a material adverse effect on our business, financial condition, and results of operations.

The Corporation may collect and store certain personal information about customers and are responsible for protecting such information from privacy breaches. A privacy breach may occur through procedural or process failure, information technology malfunction, or deliberate unauthorized intrusions. In addition, theft of data is an ongoing risk whether perpetrated via employee collusion or negligence or through deliberate cyber-attack. Any such privacy breach or theft could have a material adverse effect on the Corporation's business, financial condition, and results of operations. In addition, there are a number of laws protecting the confidentiality of certain patient health information, including patient records, and restricting the use and disclosure of that protected information. If the Corporation were found to be in violation of privacy or security rules or other laws protecting the confidentiality of medical cannabis patient health information, the Corporation could be subject to sanctions and civil or criminal penalties, which could increase its liabilities, harm its reputation, and have a material adverse effect on the Corporation's business, financial condition and results of operations.

Liability, Enforcement, Complaints, etc.

Khiron's participation in the cannabis industry may lead to litigation, formal or informal complaints, enforcement actions, and inquiries by third parties, other companies and/or various governmental authorities against Khiron. Litigation, complaints, and enforcement actions involving Khiron could consume considerable amounts of financial, management and other corporate resources, which could have an adverse effect on Khiron's future cash flows, earnings, results of operations and financial condition.

Intellectual Property

The ownership and protection of trademarks, patents, trade secrets and intellectual property rights are significant aspects of the Corporation's future success. Unauthorized parties may attempt to replicate or otherwise obtain and use the Corporation's products and technology. Policing the unauthorized use of the Corporation's current or future trademarks, patents, trade secrets or intellectual property rights could be difficult, expensive, time-consuming, and unpredictable, as may be enforcing these rights against unauthorized use by others.

In addition, other parties may claim that the Corporation's products infringe on their proprietary and perhaps patent protected rights. Such claims, regardless of their merit, may result in the expenditure of significant financial and managerial resources, legal fees, injunctions, temporary restraining orders and/or require the payment of damages. As well, the Corporation may need to obtain licenses from third parties who allege that the Corporation has infringed on their lawful rights. Such licenses may not be available on terms acceptable to the Corporation or at all. In addition, the Corporation may not be able to obtain or utilize on terms that are favorable to it, or at all, licenses, or other rights with respect to intellectual property that it does not own.

Product Liability

As a manufacturer and distributor of products designed to be ingested by humans or applied to the human body, Khiron faces an inherent risk of exposure to product liability claims, regulatory action, and litigation if its products are alleged to have caused loss or personal injury. In addition, the sale of Khiron's products involves the risk of injury to consumers due to tampering by unauthorized third parties or product contamination. Adverse reactions resulting from consumption or use of Khiron's products alone or in combination with other medications or substances could occur. Khiron may be subject to various product liability claims, including, among others, that Khiron's products caused injury or illness, include inadequate instructions for use or include inadequate warnings concerning health risks, possible side effects or interactions with other substances. A product liability claims or regulatory action against Khiron could result in increased costs, could adversely affect Khiron's reputation with its clients and consumers generally, and could have a material adverse effect on the results of operations and financial condition of Khiron. There can be no assurances that Khiron will be able to obtain or maintain product liability insurance on acceptable terms or with adequate coverage against potential liabilities. Such insurance is expensive and may not be available in the future on acceptable terms, or at all. 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 Khiron's potential products.

Insurance Coverage

While the Corporation has obtained insurance policies to protect its assets, operations and employees, certain losses and liabilities of the Corporation may exceed the coverage limits or be excluded altogether by the terms of such policies. Insurance may not be available for all of the risks and hazards to which the Corporation is exposed. In addition, no assurance can be given that such insurance will be adequate to cover the Corporation's liabilities or will be generally available in the future or, if available, that premiums will be commercially justifiable. If the Corporation were to incur substantial loss or liability not covered by insurance or in excess of policy limits, or if it were to incur such loss or liability when it is not able to obtain insurance, the Corporation's business, financial condition, and results of operations may be adversely affected.

Ability to Establish and Maintain Bank Accounts

In certain countries, cannabis businesses may have difficulty accessing the services of banks and processing credit card payments, which may make it difficult for the Corporation to operate in those countries. In addition, there is a risk that banking institutions in countries where Khiron operates will not accept payments related to the cannabis industry. As a result, the Corporation may have limited or no access to banking or other financial services in certain countries. The inability or limitation on the Corporation's ability to open or maintain bank accounts in certain countries, obtain other banking services and/or accept credit card and debit card payments may make it difficult to operate and conduct its business as planned in these countries or increase costs for Khiron. To-date, Khiron has managed banking restrictions with minimal additional cost or impact on operations, but Khiron's inability to manage such risks in future could adversely affect Khiron's operations and financial performance.

Research and Development

Rapidly changing markets, technology, emerging industry and regulatory standards and frequent introduction of new products characterize the Corporation's business. The introduction of new products embodying new technologies and regulatory developments may render the Corporation's equipment obsolete and its products and services less competitive or less marketable. The process of developing the Corporation's products and services is complex and requires significant continuing costs, development efforts, third-party commitments, and regulatory approvals. The Corporation may not be successful in developing or effectively commercializing such new products and services, or obtaining any required regulatory approvals, which, together with any capital expenditures made in the course of developing such products and services, may have a material adverse effect on the Corporation's business, financial condition, and operating results.

The Corporation may be unable to anticipate changes in its potential client requirements that could make the Corporation's existing products and services obsolete. The Corporation's success will depend, in part, on its ability to continue to enhance its product and service offerings to address the increasing sophistication and varied needs of the market and respond to technological and regulatory changes and emerging industry standards and practices on a timely and cost-effective basis.

Shelf Life of Inventory

The Corporation holds finished goods in inventory and its inventory has a shelf life. Finished goods in the Corporation's inventory include cannabis flower and cannabis oil products. The Corporation's inventory may reach its expiration and not be sold. Although management regularly reviews the quantity and remaining shelf life of inventory on hand and estimates manufacturing and sales lead times in order to manage its inventory, write-downs of inventory may still be required. Any such write-down of inventory could have a material adverse effect on the Corporation's business, financial condition, and results of operations.

Maintenance of Effective Quality Control System

The Corporation may not be able to maintain an effective quality control system. The Corporation ascribes its success to its commitment to product quality and its effective quality control system. The effectiveness of the Corporation's quality control system and its ability to obtain or maintain Good Manufacturing Practices (GMP) certification with respect to its manufacturing, processing, and testing facilities depend on a number of factors, including the design of its quality control procedures, training programs, and its ability to ensure that its employees adhere to the Corporation's policies and procedures. The Corporation also depends on service providers such as toll manufacturers and contract laboratories to manufacture, process or test its products, that are subject to GMP and Good Elaboration Practices (GEP) certification requirements.

Regulatory agencies periodically inspect our and our service providers' facilities to evaluate compliance with applicable GMP and GEP requirements. Failure to comply with these requirements may subject us or our service providers to possible regulatory enforcement actions. Any failure or deterioration of the Corporation's or its service providers' quality control systems, including loss of GMP or GEP certification, may have a material adverse effect on the Corporation's business, results of operations and financial condition.

Product Recalls

Manufacturers may recall products for a variety of reasons, including defects or deficiencies in the product, packaging or labelling, product contamination, or due to the occurrence of serious and unexpected adverse events reported by patients or consumers. If any of Khiron's products are recalled for any reason, Khiron could be required to incur significant, unexpected expenses including the cost of recalling and withdrawing the product from the market and conducting an appropriate investigation, replacing, or refunding the price of the recalled products and legal expenses of any litigation that might arise in connection with the recall. A recall could result in backorders and lost sales and Khiron 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. Although Khiron has detailed procedures in place for testing its products, there can be no assurance that any quality, potency, or contamination problems will be detected in time to avoid product recalls, regulatory action or lawsuits. Additionally, if Khiron's products are subject to a recall, the image of Khiron and its brands could be harmed. A recall could lead to decreased demand for Khiron's products and could have a material adverse effect on the results of operations and financial condition of Khiron. Additionally, product recalls may lead to increased

scrutiny of Khiron's operations by regulatory agencies, potential loss of applicable licenses, increased demand on management resources, and potential legal fees and other expenses.

Risks Inherent in an Agricultural Business

Khiron's business involves the growing of cannabis, which is an agricultural product. Khiron grows its cannabis in a controlled, outdoor environment. The occurrence of severe adverse weather conditions, especially droughts, hail, floods, or frost, is unpredictable and may have a potentially devastating impact on agricultural production. Adverse weather conditions may be exacerbated by the effects of climate change and may result in the introduction and increased frequency of pests and diseases. The effects of severe adverse weather conditions may reduce Khiron's yields or require Khiron to increase its level of investment to maintain yields. Additionally, higher than average temperatures and rainfall can contribute to an increased presence of insects and pests, which could negatively affect cannabis crops. Future droughts could reduce the yield and quality of Khiron's cannabis production, which could materially and adversely affect Khiron's business, financial condition, and results of operations.

The occurrence and effects of plant disease, insects and pests can be unpredictable and devastating, potentially rendering all or a substantial portion of the affected harvests unsuitable for sale. Even when only a portion of the production is damaged, Khiron's results of operations could be adversely affected because all or a substantial portion of the production costs may have been incurred. Although some plant diseases are treatable, the cost of treatment can be high and such events could adversely affect Khiron's operating results and financial condition. Furthermore, if Khiron fails to control a given plant disease and the production is threatened, Khiron may be unable to supply its customers, which could adversely affect its business, financial condition, and results of operations. There can be no assurance that natural elements will not have a material adverse effect on any such production.

Risks Inherent in Rural Real Estate

The Colombian Constitution protects the right to own private property and related rights acquired in compliance with civil regulations. According to the Colombian Constitution, legally acquired private property ownership rights cannot be affected if the owner is in compliance with applicable laws. Except in the case of public necessity or social interest, subject to due process and the payment of an indemnification, expropriations without just cause or on a discriminatory basis are restricted.

In August 2011, Colombia and Canada entered into a Free Trade Agreement, which outlines the issue of expropriations in Article 811 as well as dispute settlements in Chapter 21. The Free Trade Agreement provides that Canadian investments in Colombia will be granted fair and equitable treatment with full protection and security and will be accorded no less favorable treatment than Colombia grants to its own investors or investors of any other country. It also provides that an investment will not be expropriated except in a non-discriminatory manner in accordance with due process of law with prompt and adequate compensation. The expropriation provisions cover both traditional "direct" takings and so-called "indirect" or "creeping" expropriation, which results from a measure or a series of measures by a government that have an effect equivalent to direct expropriation without a formal transfer of title or outright seizure of the investment. An investor-State dispute resolution process is provided for in the event that the investment is not provided the protections set out in the Free Trade Agreement. Through this process, a Canadian investor can challenge a Colombian measure through binding international arbitration instead of relying on the Colombian courts.

Protected Areas Established by the National System of Protected Areas

Cannabis licenses may not be granted to individuals or legal persons who intend to conduct the licensed activities on lands that are in national parks or in protected areas established by the National System of Protected Areas. The government has the right to establish new protected areas in areas with certain environmental relevance that might result in the prohibition to conduct any type of activities on those areas or the need to obtain environmental authorizations. Khiron does not operate in a protected area and no expropriation proceedings are pending with respect to Khiron, pursuant to the National System of Protected Areas.

Energy Prices and Supply

Khiron requires substantial amounts of diesel and electric energy and other resources for its cultivation and harvest activities and for transportation of cannabis. Khiron relies upon third parties for its supply of energy resources used in its operations. The prices for and availability of energy resources may be subject to change or curtailment, respectively, due to, among other things, new laws or regulations, imposition of new taxes or tariffs, interruptions in production by suppliers, imposition of restrictions on energy supply by government, worldwide price levels and market conditions. Although Khiron has completed the installation of a solar power facility at its Cultivation Facility in order to significantly reduce its dependence on external suppliers and to mitigate the effects of fuel shortages, electricity outages and cost increases, the Corporation's operations will continue to depend on external suppliers of fuel and electricity. If energy supply is cut for an extended period and Khiron is unable to find replacement sources at comparable prices, or at all, Khiron's business, financial condition, and results of operations would be materially and adversely affected.

Supply of Cannabis Seeds

Khiron has already registered 22 strains of cannabis which the Corporation uses to produce seeds for commercial growing purposes. If for any reason the supply of cannabis seeds from the registered strains ceases or is delayed, Khiron would have to seek alternative suppliers and all necessary authorizations for the new seeds. If replacement seeds cannot be obtained at comparable prices, or at all, or if the necessary authorizations are not obtained, Khiron's business, financial condition and results of operations would be materially and adversely affected. There are over 200 strains already registered in Colombia and the market for seeds is increasing in size, as competing suppliers register their strains.

Changes in Corporate Structure

Colombian cannabis licenses are granted on a non-transferable, non-exchangeable and non-assignable basis. Any breach of this restriction may give rise to unilateral termination of the license by the governmental authority. Notwithstanding, Colombian laws do not provide for specific regulations or restrictions regarding the effects of a change in control, modification of the corporate structure, issuance of shares, or any changes in holders or final beneficiaries of cannabis licenses.

Colombian legislation gives special attention to the identification and background of the legal representatives of licensees. Licensees must file a declaration of the legality of the proceeds of the legal representatives. Furthermore, Decree 613 of 2017 provides a set of resolutory conditions, which enable the Ministry of Health or the Ministry of Justice, as applicable, to terminate a license if the licensee fails to request the amendment of the license within 30 calendar days following any changes in (i) the legal representation of the licensee; or (ii) the declaration that a legal representative is criminally liable for drug trafficking or related crimes, after having issued the respective license.

As the Corporation expands its operations to other jurisdictions, it may be subject to additional or similar transfer restrictions that could have the effect of limiting the Corporation's ability to derive the full value of its licenses on a sale of the business, business combination or corporate reorganization.

Social Media

There has been a recent marked increase in the use of social media platforms and similar channels 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. Information posted about the Corporation may be averse to the Corporation's interests or may be inaccurate, each of which may harm the Corporation's business, financial condition and results of operations.

Public Health Crises, including COVID-19

A local, regional, national, or international outbreak of a contagious disease, such as COVID-19, could have an adverse effect on local economies and potentially the global economy, which may adversely impact the price and demand for the Corporation's products. COVID-19 could affect the Corporation's ability to conduct operations and may result in shortages of staff. In addition, mandatory quarantine or isolation measures may

result in closures of clinics for non-emergency treatments or consultations, including a potential reduction in patient visits at the Corporation's clinics and, as a result, potential lost revenue. Such measures could also require the closure of retail stores where the Corporation's products are sold, resulting in lost sales. The global COVID-19 pandemic continues to rapidly evolve. The ultimate impact of this pandemic is highly uncertain and subject to change. We do not yet know the full extent of potential delays or impacts on the Corporation's business, systems, or the global economy as a whole.

Country Risks

The Corporation has operations in various countries, including emerging market countries, and may have operations in additional countries in the future. Such operations expose the Corporation to the socio-economic conditions as well as the laws governing the cannabis industry in such countries. Inherent risks with conducting foreign operations include, but are not limited to: high rates of inflation; extreme fluctuations in currency exchange rates, military repression; war or civil war; social and labour unrest; organized crime; hostage taking; terrorism; violent crime; expropriation and nationalization; renegotiation or nullification of existing licenses, approvals, permits and contracts; changes in taxation policies; restrictions on foreign exchange and repatriation; and changing political norms, banking and currency controls and governmental regulations that favour or require the Corporation to award contracts in, employ citizens of, or purchase supplies from, the jurisdiction.

Governments in certain foreign jurisdictions intervene in their economies, sometimes frequently, and occasionally make significant changes in policies and regulations. Changes, if any, in cannabis industry policies or shifts in political attitude in the countries in which the Corporation operates may adversely affect its operations or profitability. Operations may be affected in varying degrees by government regulations with respect to, but not limited to, restrictions on production, price controls, export controls, currency remittance, importation of product and supplies, income and other taxes, royalties, the repatriation of profits, expropriation of property, foreign investment, maintenance of licenses, approvals and permits, environmental matters, land use, land claims of local people, water use and workplace safety. Failure to comply strictly with applicable laws, regulations and local practices could result in loss, reduction or expropriation of licenses, or the imposition of additional local or foreign parties as joint venture partners with carried or other interests. The Corporation continues to monitor developments and policies in the countries in which it operates and assess the impact thereof to its operations; however, such developments cannot be predicted and could have an adverse effect on the Corporation's operations or profitability.

Global Economy

An economic downturn of global capital markets has been shown to make the raising of capital by equity or debt financing more difficult. Khiron may be dependent upon the capital markets to raise additional financing in the future, while it establishes a user base for its products. As such, the Corporation is subject to liquidity risks in meeting its development and future operating cost requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact Khiron's ability to raise equity or obtain loans and other credit facilities in the future and on terms favorable to the Corporation and its management. If uncertain market conditions persist, the Corporation's ability to raise capital could be jeopardized, which could have an adverse impact on operations and the trading price of its Shares.

TSXV Restrictions on Business

As a condition to initially listing on the TSXV, the TSXV required that Khiron deliver an Undertaking (the "**Undertaking**") confirming that, while listed on TSXV, Khiron will only conduct the business of the production, sale, and distribution of medicinal marijuana in Colombia pursuant to the Licenses and in accordance with applicable law, unless prior approval is obtained from TSXV. The Undertaking could have an adverse effect on Khiron's ability to do business or operate outside of Colombia and on its ability to expand its business into other areas, including the provision of non-medical marijuana in the event that the laws were to change to permit such sales, if Khiron is still listed on the TSXV and remains subject to the Undertaking at such time. Compliance with the Undertaking may delay or prevent Khiron from expanding into new areas of business when Khiron's competitors have no such restrictions. All such restrictions could materially and adversely affect the growth, business, financial condition, and results of Khiron's operations.

Expansion into New Jurisdictions

The Corporation's expansion and proposed expansion into other jurisdictions is subject to all the normal risks associated with operating in a new jurisdiction. The Corporation may face new or unexpected risks or significantly increase its exposure to one or more existing risk factors, including economic instability, changes in laws and regulations (including those specifically related to the cannabis industry and related activities), the effects of competition, opposition to the Corporation's activities and other risks and uncertainties associated with conducting business in such jurisdictions. The Corporation will also be subject to new political, legal, and regulatory regimes and other risks including but not limited to taxation, price controls, export/import controls, permitting and licensing regimes, environmental laws, labour laws, changing political conditions, repatriation restrictions and currency fluctuations.

The legal and regulatory requirements and local business culture and practices in the foreign countries in which the Corporation may expand are different from those in which it currently operates. The officers and directors of the Corporation will rely, to a great extent, on the Corporation's local legal counsel and local consultants and advisors in respect of legal, banking, labour, financing, and tax matters in order to ensure compliance with material legal, regulatory and governmental developments as they pertain to and affect the Corporation's operations, particularly with respect to cannabis or related operations. Increased compliance costs will be incurred by the Corporation. Further, there can be no assurance that any market for the Corporation's products will develop in these new jurisdictions. These factors may limit the Corporation's ability to successfully expand its operations into such jurisdictions and may have a material adverse effect on the Corporation's business, financial condition, and results of operations.

Regulatory Risks

Legal Proceedings

From time to time, Khiron may be a party to legal and regulatory proceedings, including matters involving governmental agencies, entities with whom it does business and other proceedings arising in the ordinary course of business. Khiron will evaluate its exposure to these proceedings and establish reserves for liabilities (where such liabilities can be estimated) in accordance with accepted accounting principles. Assessing and predicting the outcome of these matters involves substantial uncertainties and it may not be possible to estimate Khiron's potential liability if any. Unexpected outcomes in these legal proceedings, or changes in management's evaluations or predictions and accompanying changes in established reserves, could have an adverse impact on Khiron's financial results.

While the Corporation has insurance that may cover the costs and awards of certain types of litigation, the amount of insurance may not be sufficient to cover any costs or awards, while certain other types of litigation may be excluded from coverage entirely. Substantial litigation costs or an adverse result in any litigation may adversely impact the Corporation's business, operating results or financial condition.

Regulatory Compliance Risks

Achievement of Khiron's business objectives is contingent, in part, upon compliance with regulatory requirements enacted by governmental authorities and obtaining regulatory approvals, where necessary, for the sale of its products. Khiron may not be able to obtain or maintain the necessary licenses, permits, authorizations or accreditations, or may only be able to do so at great cost, to operate its business. Khiron cannot predict the time required to secure regulatory approvals for its products, or the extent of testing and documentation that may be required by local governmental authorities. To date, Khiron has received the licenses to cultivate Low-THC and High-THC medicinal cannabis and the license to manufacture cannabis extracts from the Colombian government. In addition, as Khiron expands its business operations in jurisdictions outside Colombia, including the EU, UK, Peru, Mexico and Brazil, the Corporation will be required to obtain additional licenses, authorizations and permits to conduct business. The impact of the various compliance regimes, and any delays in obtaining, or failure to obtain or maintain the necessary regulatory approvals, may significantly delay or impact the development of markets, products and sales initiatives and could have a material adverse effect on the business, results of operations and financial condition of Khiron.

The officers and directors of Khiron must rely, to a great extent, on Khiron's legal counsel and consultants in order to keep abreast of material legal, regulatory, and governmental developments as they pertain to and affect Khiron's business operations, and to assist Khiron with its governmental relations in each jurisdiction where the

Corporation operates. With respect to its Colombian operations, Khiron relies to a certain extent, on those members of management and the board who have previous experience working and conducting business in Colombia in order to enhance its understanding of and appreciation for the local business culture and practices in Colombia. Khiron also relies on the advice of local experts and professionals in connection with current and new regulations that develop in respect of banking, financing, and tax matters in Colombia. Developments or changes in such legal, regulatory or governmental requirements or in local business practices in foreign jurisdictions are beyond the control of Khiron and may adversely affect its business.

Khiron will incur ongoing costs and obligations related to regulatory compliance. Failure to comply with applicable laws, regulations and permit requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions.

Khiron may be required to compensate those suffering loss or damage by reason of its operations and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations. In addition, changes in regulations, more vigorous enforcement or other unanticipated events could require extensive changes to Khiron's operations, increased compliance costs or give rise to material liabilities, which could have a material adverse effect on the Corporation's business, operating results or financial condition.

Canadian Regulatory and Civil Proceedings

Khiron operates in Colombia pursuant to licenses and authorizations granted by the Ministry of Justice and the Ministry of Health. Consequently, certain activities conducted by Khiron are permissible under one regulatory regime while not under another. In the past, Canadian courts and regulatory authorities have taken the view that it is not contrary to Canadian federal or provincial law for a person to be engaged in, or for an entity to hold interests in affiliates that are engaged in, certain regulated activities where such activities may be regulated differently than in the home jurisdictions and have enforced extra-territorial laws even where such laws (or regulatory regimes applicable to certain activities or industries) differs from those in the Canadian jurisdiction. There is a risk however that the Canadian courts or applicable Canadian or other governmental authorities may take a contrary view with respect to the business of Khiron and view Khiron as having violated their local laws, despite Khiron having obtained all applicable Colombian licenses or authorizations and despite that Khiron does not carry-on business in Canada. Therefore, there is a risk that civil and criminal proceedings, including class actions, could be initiated against Khiron. Such potential proceedings could involve substantial litigation expense, penalties, fines, seizure of assets, injunctions or other restrictions being imposed upon Khiron or its business partners, while diverting the attention of key executives. Such proceedings could have a material adverse effect on Khiron's business, revenues, operating results and financial condition as well as impact upon Khiron's reputation.

Change of Cannabis Laws, Regulations and Guidelines

Cannabis laws and regulations are dynamic and subject to evolving interpretations which could require Khiron to incur substantial costs associated with compliance or alter certain aspects of its business plan. It is also possible that regulations may be enacted in the future that will be directly applicable to certain aspects of Khiron's businesses.

Khiron cannot predict the nature of any future laws, regulations, interpretations, or applications, nor can it determine what effect additional governmental regulations or administrative policies and procedures, when and if promulgated, could have on Khiron's business. Management expects that the legislative and regulatory environment in the cannabis industry in Colombia and internationally will continue to be dynamic and will require innovative solutions to try to comply with this changing legal landscape in this nascent industry for the foreseeable future. Compliance with any such legislation may have a material adverse effect on Khiron's business, financial condition and results of operations. Public opinion can also exert a significant influence over the regulation of the cannabis industry. A negative shift in the public's perception of the cannabis industry could affect future legislation or regulation in different jurisdictions.

Reliance on Licenses and Authorizations

Khiron's ability to grow, store and sell cannabis and operate its health centres and satellite clinics is dependent on Khiron's ability to sustain and/or obtain the necessary licenses and authorizations by certain authorities in Colombia and around the globe. The licenses and authorizations are subject to ongoing compliance and

reporting requirements and the ability of Khiron to obtain, sustain or renew any such licenses and authorizations on acceptable terms is subject to changes in regulations and policies and to the discretion of the applicable authorities or other governmental agencies in foreign jurisdictions. Failure to comply with the requirements of the licenses or authorizations or any failure to maintain the licenses or authorizations would have a material adverse impact on the business, financial condition and operating results of Khiron.

Although Khiron believes that it will meet the requirements to obtain, sustain or renew the necessary licenses and authorizations, there can be no guarantee that the applicable authorities will issue these licenses or authorizations. Should the authorities fail to issue the necessary licenses or authorizations, Khiron may be curtailed or prohibited from the production and/or distribution of cannabis or from proceeding with the development of its operations as currently proposed and the business, financial condition and results of the operation of Khiron may be materially adversely affected.

Money Laundering Laws

The United Nations defines money laundering as “any act or attempted act to disguise the source of money or assets derived from criminal activity.” According to FINTRAC (which stands for Financial Transactions and Reports Analysis Centre of Canada), money laundering is the process whereby “dirty money”— produced through criminal activity— is transformed into “clean money,” the criminal origin of which is difficult to trace. The three recognized stages in the money laundering process involve introducing the proceeds of crime into the financial system, converting the proceeds of crime into another form, and disguising their source and ownership by complex layers of financial transactions, and integrating the laundered proceeds back into the economy to create a perception of legitimacy. FINTRAC is an agency of the government of Canada. It operates at arm's length from law enforcement agencies, and collects, analyzes and discloses information to help detect, prevent and deter money laundering and the financing of terrorist activities in Canada and abroad. FINTRAC will disclose suspected money laundering to law enforcement agencies and other agencies as appropriate, including Canada Revenue Agency (CRA), Canada Border Services Agency (CBSA) and foreign agencies with which FINTRAC has agreements to share such information. Money laundering is a criminal offence under the laws of Canada including the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada)*, the *Criminal Code (Canada)*, as amended and the rules and regulations thereunder, and in other countries where the Corporation conducts business or maintains operations, such as Colombia and the US.

The Corporation’s business practices and the nature of its products and services mitigate the risk that proceeds of crime will be attributed to the Corporation. All financial transactions are processed via electronic funds through the Colombian financial system (as opposed to cash). The Corporation receives payments from sales from sales of Kuida cosmetic products from well-established retail stores and distributors. Services and medicines supplied through the Corporation’s clinics in Colombia are paid for predominantly by government regulated insurance companies that will only pay for approved services and medications. When approved, medical cannabis sales by the Corporation will be conducted through licensed pharmacies and dispensaries to patients with medical prescriptions. In addition, the Corporation’s compliance team regularly conducts background checks of its customers and business partners (including natural persons and corporate entities).

Colombia has implemented regulations for the control, mitigation, and prevention of money laundering from terrorist activities. Colombian Law 526 of 1999 created the Special Administrative Unit for Financial Information and Analysis, which is responsible for detecting money laundering operations and centralizing and analyzing data related to money laundering operations. Certain companies in Colombia such as banks, financial institutions and insurance companies, are required to implement anti-money laundering (“**AML**”) and counter-terrorism financing risk management systems in accordance with the External Circular 0055 of 2016 from the Finance Superintendence of Colombia and Laws 1121 from 2006 and 1762 from 2015. In accordance with External Circular 100-000008 of 2021 Khiron fully implemented the Auto Control System and Risk Management Integral Money Laundering and Financing of Terrorism. With this System, Khiron established conduct standards to prevent and expressly prohibit money laundering and financing of terrorism among other events that impact or may impact the Corporation's local, regional and international operations. Also, the System enables Counterparties to distinguish between conduct that is generally acceptable and conduct that is not generally acceptable, responding to the regulations and best practices applicable to the Corporation in these matters.

The Corporation has previously taken several steps, in addition to those described above, to mitigate the risks associated with the proceeds of crime, including obtaining qualifications and certifications in good security practices from the Colombian National Police, training our security and compliance personnel in AML and anti-

bribery management systems such as ISO 37001, and continuously monitoring its operations in the context of AML prevention and compliance.

The US also has implemented an anti-money laundering regime, including the US Currency and Foreign Transactions Reporting Act of 1970 (commonly known as the Bank Secrecy Act), as amended by Title III of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (USA PATRIOT Act). See **Risks Related to the US –** *Anti-money Laundering Laws and Regulations.*

While the Corporation believes that the risk of proceeds of crime being distributed to shareholders from the Corporation's services and products is exceptionally low under existing laws, changes to existing AML laws or the introduction of new AML laws may require the Corporation to expend additional resources for compliance related activities. If the Corporation becomes the subject of AML investigations or charges, the Corporation may need to incur significant legal and other expenses and allocate management resources in response to such enforcement actions. If such events were to occur, the business, financial condition and results of the operation of Khiron may be materially adversely affected. If Khiron's investments, or any proceeds thereof, any dividends or distributions therefrom, or any profits or revenues accruing from such investments in the US or Canada were found to be in violation of money laundering legislation or otherwise, such transactions may be viewed as proceeds of crime under one or more of the statutes noted above or any other applicable legislation. This could restrict or otherwise jeopardize the ability of Khiron to declare or pay dividends, effect other distributions or subsequently repatriate such funds. Furthermore, while Khiron has no current intention to declare or pay dividends in the foreseeable future, Khiron may decide or be required to suspend declaring or paying dividends without advance notice and for an indefinite period of time.

Operational Risks

Khiron's operations outside of Canada could be substantially affected by foreign economic, political, social and regulatory risks. The Corporation's operations in Colombia are subject to risk due to ongoing problems, including but not limited to, inflation, unemployment and inequitable income distribution. Colombia's history has witnessed South America's longest running guerilla insurgency, narcotics-related violence, a prevalence of kidnapping and extortionist activities and civil unrest in certain areas of the country. While the situation has improved dramatically in the last decade, there can be no guarantee that the situation will not again deteriorate. Foreign operations are always subject to the risk that governments may adopt regulations or take other actions such as nationalization of private enterprises, imposition of exchange control regulations, or the imposition of restrictions of foreign investment or involvement in certain industries. If any of these economic or political risks materialize, we may experience adverse effects on our business and results of operations.

Control of Colombian Subsidiaries by the Corporation

Khiron is the 100% owner, either directly or indirectly, of every Subsidiary within the corporate structure. Khiron controls all the cash of every Subsidiary within the organization. As 100% direct or indirect shareholder, and as majority shareholder in each case where it is not the sole shareholder, the Corporation has the requisite control to cause the removal of any or all of the directors, officers, or legal representatives of each of its subsidiaries and to cause funds to be transferred as it deems appropriate. The legal representatives of Khiron Colombia are Alvaro Torres, Juan Diego Alvarez, Manuel Buendia; and Nestor Gasca and Carlos Otalora (banking and taxes). Mr. Torres is a director and executive officer of Khiron. The legal representatives of ILANS are Ana Maria Carvajal, Nestor Gasca, Alvaro Madiedo, and Maria Jimena Ochoa. While none of the directors or executive officers of Khiron are currently legal representatives of ILANS, Khiron is the majority shareholder (78%) of ILANS and Khiron Colombia is the minority shareholder (22%), both of which can exert the requisite control over ILANS by virtue of their status as shareholders.

The shareholders of Khiron Colombia and ILANS must be represented at the respective shareholders' meetings, under applicable regulations and bylaws. The respective shareholders of Khiron Colombia and ILANS may remove the directors at a meeting of shareholders, in accordance with the corporate by laws and applicable corporate laws. As the Corporation is the sole or majority shareholder of each of the Colombian subsidiaries, the risk that the Corporation will not be able to exert control over the Colombian subsidiaries is very low under the current corporate structure and applicable bylaws and regulations. The minutes of each shareholder meeting of Khiron Colombia and ILANS shall be registered before the Chamber of Commerce of Bogotá (Colombian Public Registry), and the minutes must be signed by the President and the Secretary, both, duly designated at the meeting.

Repatriation of Funds from Colombia

Currently there are no restrictions on the repatriation from Colombia of earnings to foreign entities and Colombia has never imposed such restrictions. Exchange control regulations require that any proceeds in foreign currency originated on exports of goods from Colombia (including minerals) be repatriated to Colombia. However, purchase of foreign currency is allowed through any Colombian authorized financial entities for purposes of payments to foreign suppliers, repayment of foreign debt, payment of dividends to foreign stockholders and other foreign expenses.

Any operation involving the remittance and receipt of funds from or to abroad must be carried out with financial institutions authorized to operate by the Brazilian Central Bank. Please note that a Foreign Exchange Framework was recently amended by the Brazilians Authorities (Law nº 14.286/2021) that will change the Brazilian foreign exchange process. However, such Framework depends on a series of complementary legislation, which has not been regulated yet.

The legal representatives of Khiron Colombia, including Mr. Torres and Mr. Gasca, have control over the bank accounts of Khiron Colombia. Mr. Torres is the CEO and a director of the Corporation. Nestor Gasca has also control over the bank accounts of ILANS. Cheques require signatures of two authorized individuals, one of whom must be Mr. Gasca, the Controller, who is a legal representative of both Khiron Colombia and ILANS. The authorization of transfer of funds from Khiron Colombia and ILANS to the Corporation, according to the respective bylaws and Colombian regulations, can only be given by the shareholders of Khiron Colombia. Khiron Colombia is 100% owned by the Corporation. ILANS is 22% owned by Khiron Colombia and 78% owned by the Corporation. As the Corporation is the sole or majority shareholder of Khiron Colombia and ILANS, respectively, there is currently no risk under the existing laws that the earnings of the Colombian subsidiaries could not be repatriated to Canada. However, there can be no assurance that restrictions on repatriation of earnings from Colombia will not be imposed in the future.

As a general rule, foreign investments in Brazilian companies must be registered before Brazilian Central Bank system. Thus, if foreign investor decides to repatriate the investment from Brazilian company, it could be made as dividends distribution or capital reduction, provided that the registration mentioned above was properly made. In respect to funds in foreign currency related to the receipt of Brazilian exports of goods and services, they can be kept in a financial institution abroad and may only be used for financial investment or payment of obligation due by the Brazilian exporter, being forbidden to use these funds to lend money to third parties.

Inflation in Colombia

Colombia has in the past experienced double-digit rates of inflation. If Colombia experiences substantial inflation in the future, Khiron's costs in Colombian peso terms will increase significantly, subject to movements in applicable exchange rates. Inflationary pressures may also curtail Khiron's ability to access global financial markets in the longer term and its ability to fund planned capital expenditures, and could materially adversely affect Khiron's business, financial condition and results of operations. The Colombian government's response to inflation or other significant macro-economic pressures may include the introduction of policies or other measures that could increase Khiron's costs, reduce operating margins and materially adversely affect its business, financial condition and results of operations.

Operations in Spanish, Portuguese and German Languages

As a result of Khiron conducting its operations in Colombia Brazil and Germany, the books and records of Khiron, including key documents such as material contracts and financial documentation are principally negotiated and entered into in the Spanish, Portuguese and German language and English translations may not exist or be readily available. However, it is the Corporation's policy to preferentially hire management employees who are fluently bilingual in their native language and English at the local operations. In addition, the Corporation relies on the use of professional translators for in person meetings with non-English speakers where required, and for document translation. The Corporation does not foresee that significant additional accommodations will be required.

The Corporation does not have a formal communication plan that sets out measures that will be taken to mitigate any potential communication-related issues as it does not consider one necessary. All material documents provided to the Directors are in the English language. If any material documents are in an original language other than English, the documents are translated by certified translators. All members of the

Corporation's Board and its executive officers are fluent in English. Additionally, the following Directors and officers of the Corporation are fluent in the Spanish language: Alvaro Torres, CEO and Director; Juan Carlos Echeverry, Director; Alvaro Yanez, Director; Vicente Fox, Director; Juan Diego Alvarez, VP Regulatory Affairs; Rodrigo Duran, VP Pharma; and María Jimena Ochoa, VP of Sustainable Development.

Meetings of the Board and Committees are held on a quarterly basis to approve the financial statements and MD&A for the Corporation. Additional meetings of the Board and Committees are held as appropriate to conduct other business of the Corporation. During the 2021 fiscal year, all meetings of the Board were held by phone and web meeting due to COVID-19 restrictions on travel and in-person gatherings in effect. All meetings of the Board and Committees are conducted (and minutes are prepared) in the English language.

Enforcement of Judgments

Khiron is incorporated under the laws of British Columbia, Canada; however, except for certain cash deposits, the Corporation's assets are located outside Canada. Furthermore, several of Khiron's directors and officers reside outside Canada. As a result, investors may not be able to effect service of process within Canada upon certain directors or officers or enforce judgments against them in Canadian courts. It may also be difficult for an investor to enforce judgments obtained in Canadian courts in jurisdictions outside Canada. As a result of the above, public shareholders may have more difficulty in protecting their interests in the face of actions taken by management, members of the Board or controlling shareholders than they would as public shareholders of a Canadian company.

Risks Related to the US

Restricted access to banking

In February 2014, the Financial Crimes Enforcement Network ("**FinCEN**") bureau of the US Treasury Department issued guidance (which is not law) with respect to financial institutions providing banking services to cannabis business, including burdensome due diligence expectations and reporting requirements. This guidance does not provide any safe harbors or legal defenses from examination or regulatory or criminal enforcement actions by the Department of Justice, FinCEN or other federal regulators. Thus, most banks and other financial institutions in the US do not appear to be comfortable providing banking services to cannabis-related businesses, or relying on this guidance, which can be amended or revoked at any time. In addition to the foregoing, banks may refuse to process debit card payments and credit card companies generally refuse to process credit card payments for cannabis-related businesses. As a result, Khiron, by virtue of its medical cannabis business in Colombia and other jurisdictions, may have limited or no access to banking or other financial services in the US. In addition, federal money laundering statutes and Bank Secrecy Act regulations discourage financial institutions from working with any organization that sells a controlled substance, regardless of whether the state it resides in permits cannabis sales. The inability or limitation in Khiron's ability to open or maintain bank accounts, obtain other banking services and/or accept credit card and debit card payments may make it difficult for Khiron to operate and conduct its business as planned or to operate efficiently in the US.

Anti-money Laundering Laws and Regulations

Khiron is subject to a variety of laws and regulations in the US that involve money laundering, financial recordkeeping and proceeds of crime, including the US Currency and Foreign Transactions Reporting Act of 1970 (commonly known as the Bank Secrecy Act), as amended by Title III of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, and any related or similar rules, regulations or guidelines, issued, administered or enforced by governmental authorities in the US.

In February 2014, FinCEN issued a memorandum providing instructions to banks seeking to provide services to marijuana related businesses (the "**FinCEN Memorandum**"). The FinCEN Memorandum states that in some circumstances, it may not be appropriate to prosecute banks that provide services to marijuana-related businesses for violations of federal money laundering laws. It refers to supplementary guidance that former Deputy Attorney General Cole issued to federal prosecutors relating to the prosecution of money laundering offenses predicated on cannabis-related violations of the CSA.

Under US federal law, banks or financial institutions that provide a cannabis-related business with a checking account, debit or credit card, small business loan, or any other service could be found guilty of money laundering, aiding and abetting, or conspiracy. While this risk would appear to be diminished because the Corporation's hemp related activities that are in compliance with the 2018 Farm Bill are not in violation of the CSA, the risk remains that the Corporation's medical cannabis business in Colombia and other jurisdictions could attract sanctions under US federal law.

If any of Khiron's investments, or any proceeds thereof, any dividends or distributions therefrom, or any profits or revenues accruing from such investments in the US or Canada were found to be in violation of money laundering legislation or otherwise, such transactions may be viewed as proceeds of crime under one or more of the statutes noted above or any other applicable legislation. This could restrict or otherwise jeopardize the ability of Khiron to declare or pay dividends, effect other distributions or subsequently repatriate such funds. Furthermore, while Khiron has no current intention to declare or pay dividends in the foreseeable future, Khiron may decide or be required to suspend declaring or paying dividends without advance notice and for an indefinite period of time.

Limited trademark protection

Khiron will not be able to register any US federal trademarks for its cannabis products. Because producing, manufacturing, processing, possessing, distributing, selling, and using cannabis is a crime under the CSA, the US Patent and Trademark Office will not permit the registration of any trademark that identifies cannabis products. As a result, Khiron likely will be unable to protect its cannabis product trademarks within the US. The use of our trademarks by third parties could have a material adverse effect on the value of such trademarks and our business.

Uncertainty Caused by Potential Changes to Regulatory Framework

There is substantial uncertainty and different interpretations among federal, state and local regulatory agencies, legislators, academics and businesses as to the importation of derivatives from the Cannabis plant and the scope of 2014 Farm Bill-compliant hemp production and commercialization, the 2018 Farm Bill and the emerging regulation of cannabinoids. These different opinions include, but are not limited to, the regulation of cannabinoids by the DEA and or the FDA, as well as applicable state agencies, and the extent to which manufacturers of products containing imported raw materials and/or 2014 and 2018 Farm Bill-compliant cultivators and processors may engage in interstate commerce.

The USDA and FDA are currently in the process of rulemaking to establish standards governing the production and sale of hemp products in the US, and there is uncertainty as to whether such rules will be unfavorable or could negatively impact operations. The uncertainties cannot be resolved without further federal, and perhaps even state-level, legislation, regulation or a definitive judicial interpretation of existing legislation and rules. If these uncertainties continue, they may have an adverse effect upon the introduction of the Khiron's products in different markets.

Financial and Accounting Risks

Access to Capital

In executing its business plan, Khiron makes, and will continue to make, substantial investments and other expenditures related to acquisitions, research and development and marketing initiatives. Since its incorporation, Khiron has financed these expenditures through offerings of its equity securities. Khiron will have further capital requirements and other expenditures as it proceeds to expand its business or take advantage of opportunities for acquisitions or other business opportunities that may be presented to it. Khiron may incur major unanticipated liabilities or expenses. Khiron can provide no assurance that it will be able to obtain financing to meet the growth needs of Khiron.

Foreign Sales

Khiron's functional currency is denominated in Canadian dollars. Khiron currently expects that sales will be denominated in non-Canadian dollars and may, in the future, have sales denominated in the currencies of additional countries in which it establishes sales offices. In the future, the proportion of Khiron's sales that are

international may increase. Such sales may be subject to unexpected regulatory requirements and other barriers. Any fluctuation in the exchange rates of foreign currencies may negatively impact the Corporation's business, financial condition and results of operations. Khiron has not previously engaged in foreign currency hedging. If Khiron decides to hedge its foreign currency exposure, it may not be able to hedge effectively due to lack of experience, unreasonable costs or illiquid markets. In addition, those activities may be limited in the protection they provide Khiron from foreign currency fluctuations and can themselves result in losses.

Estimates or Judgments Relating to Critical Accounting Policies

The preparation of financial statements in conformity with International Financial Reporting Standards, or IFRS, requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Khiron bases its estimates on historical experience and on various other assumptions that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets, liabilities, equity, revenue, and expenses that are not readily apparent from other sources. Khiron's operating results may be adversely affected if the assumptions change or if actual circumstances differ from those in the assumptions, which could cause Khiron's operating results to fall below the expectations of securities analysts and investors, resulting in a decline in the share price of the Corporation. Significant assumptions and estimates used in preparing the financial statements include those related to the credit quality of accounts receivable, income tax credits receivable, share based payments, impairment of non-financial assets, fair value of biological assets, as well as revenue and cost recognition.

Tax Risks

The Corporation will operate and will be subject to income tax and other forms of taxation (which are not based upon income) in multiple tax jurisdictions. Taxation laws and rates which determine taxation expenses may vary significantly in different jurisdictions, and legislation governing taxation laws and rates is also subject to change. Therefore, the Corporation's earnings may be impacted by changes in the proportion of earnings taxed in different jurisdictions, changes in taxation rates, changes in estimates of liabilities and changes in the amount of other forms of taxation. Khiron may have exposure to greater than anticipated tax liabilities or expenses. Khiron will be subject to income taxes and non-income taxes in a variety of jurisdictions and its tax structure is subject to review by both domestic and foreign taxation authorities and the determination of the Corporation's provision for income taxes and other tax liabilities will require significant judgment. Khiron will be subject to different taxes imposed by the Colombian government and any changes within such tax legal and regulatory framework may have an adverse effect on our financial results. All current tax legislation is a matter of public record and the Corporation will be unable to predict which additional legislation or amendments may be enacted.

Risks Related to Khiron Shares

Khiron Share Price Volatility

The market for Khiron's Shares may be volatile and subject to wide fluctuations in response to numerous factors, including changes in global financial markets and global economies and general market conditions, such as interest rates, access to capital and product price volatility. Khiron cannot predict the prices at which Khiron's Shares will trade.

Fluctuations in the market price of the Khiron Shares could cause an investor to lose all or part of its investment. Factors that could cause fluctuations in the trading price of the shares include: (i) announcements of new offerings, products, services or technologies; commercial relationships, acquisitions or other events by Khiron or its competitors; (ii) price and volume fluctuations in the overall stock market from time to time; (iii) significant volatility in the market price and trading volume of agriculture companies; (iv) fluctuations in the trading volume of Khiron Shares or the size of Khiron's public float; (v) actual or anticipated changes or fluctuations in Khiron's results of operations; (vi) whether Khiron's results of operations meet the expectations of securities analysts or investors; (vii) actual or anticipated changes in the expectations of investors or securities analysts; (viii) litigation involving Khiron, its industry, or both; (ix) regulatory developments in the Canada, Colombia and foreign countries; (x) general economic conditions and trends; (xi) major catastrophic events; (xii) escrow releases, sales of large blocks of Khiron Shares; (xiii) departures of key employees or members of management; (xiv) significant acquisitions or business combinations, strategic partnerships, joint ventures or

capital commitments by Khiron or its competitors or (xv) an adverse impact on Khiron from any of the other risks cited herein.

Financial markets have recently experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities and have often been unrelated to the operating performance, underlying asset values or prospects of such companies. Such volatility has been particularly evident with regard to the share prices of cannabis companies that are public issuers in Canada. Accordingly, the market price of the shares may decline even if the Corporation's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are lasting and not temporary, which may result in impairment losses.

There can be no assurance that continuing fluctuations in share price and volume will not occur. If such increased levels of volatility and market turmoil continue, the Corporation's operations could be adversely impacted and the trading price of the shares may be materially adversely affected.

Limited Market for Securities

There can be no assurance that an active and liquid market for Khiron shares will be maintained and an investor may find it difficult to resell any securities of the Corporation.

No History of Payment of Cash Dividends

Khiron has never declared or paid cash dividends on Khiron Shares. Khiron intends to retain future earnings to finance the operation, development, and expansion of the business. Khiron does not anticipate paying cash dividends on Khiron Shares in the foreseeable future.

Payment of future cash dividends, if any, will be at the discretion of the Board and will depend on Khiron's financial condition, results of operations, contractual restrictions, capital requirements, business prospects and other factors that the Board considers relevant. As a result, investors may not receive any return on investment in Khiron's shares unless shares are sold for a price that is greater than that at which such investors purchase them.

Reporting Issuer Status

As a reporting issuer, Khiron will be subject to reporting requirements under applicable securities law and stock exchange policies. Khiron is working with its legal, accounting, and financial advisors to identify those areas in which changes should be made to Khiron's financial management control systems to manage its obligations as a Subsidiary of a public company. Compliance with these requirements will increase legal and financial compliance costs, make some activities more difficult, time consuming or costly and increase demand on existing systems and resources.

Among other things, Khiron will be required to file annual, quarterly, and current reports with respect to its business and results of operations and maintain effective disclosure controls and procedures and internal controls over financial reporting. In order to maintain and, if required, improve disclosure controls and procedures and internal controls over financial reporting to meet this standard, significant resources and management oversight may be required. As a result, management's attention may be diverted from other business concerns, which could harm the Khiron's business and results of operations. Khiron may need to hire additional employees to comply with these requirements in the future, which would increase its costs and expenses. Management of Khiron expects that being a reporting issuer will make it more expensive to maintain director and officer liability insurance. This factor could also make it more difficult for Khiron to retain qualified directors and executive officers.

Tax Issues

There may be income tax consequences in relation to Khiron Shares, which will vary according to circumstances of each investor. Prospective investors should seek independent advice from their own tax and legal advisers.

DIVIDENDS AND DISTRIBUTIONS

While there are no restrictions in the Corporation's articles or pursuant to any agreement or understanding which could prevent the Corporation from paying dividends or distributions, Khiron has never declared or paid cash dividends on Khiron Shares. Khiron intends to retain future earnings to finance the operation, development, and expansion of the business. Khiron does not anticipate paying cash dividends on Khiron Shares in the foreseeable future. Payment of future cash dividends, if any, will be at the discretion of the Board and will depend on Khiron's financial condition, results of operations, contractual restrictions, capital requirements, business prospects and other factors that the Board considers relevant.

DESCRIPTION OF CAPITAL STRUCTURE

Common Shares

Khiron is authorized to issue an unlimited number of Khiron Shares, of which 150,717,068 were outstanding as of December 31, 2020 and 150,724,568 are issued and outstanding as of the date of the AIF. Each Khiron Share is entitled to one vote per share, to receive an equal share of any dividends and distributions (whether payable in cash or otherwise) as may be declared from time to time, and, in the event of any liquidation, dissolution or winding-up of Khiron (whether voluntary or involuntary), to receive in equal amounts per share the assets of Khiron.

As at the date of the AIF, the Corporation had outstanding: 61,567,000 warrants; 5,780,167 Stock Options; and 8,093,798 RSUs. Each warrant, Stock Option and RSU is exercisable or exchangeable for Khiron Shares on a one for one basis.

The following table reflects the warrants outstanding as at December 31, 2021:

Exercise Price $	As at December 31 2021		Expiry Date	Remaining Life (years)
0.45	1,932,000	**	26-Nov-22	0.9
0.75	32,200,000	*	26-Nov-25	3.9
0.75	27,435,000	*	26-Nov-25	3.9
	TOTAL: 61,567,000			3.8

*Represent warrants or compensation options issued pursuant to equity financing transactions and are exercisable into one Khiron Share.

**Represent compensation options issued pursuant to equity financing transaction and are exercisable into one unit comprising of one Khiron Share and one warrant with an exercise price of $0.75.

The following table reflects the outstanding stock options for the year ended December 31, 2021:

Exercise Price $	As at December 31, 2021	Expiry Date	Remaining Life (years)
1.00	552,500	2022-09-12	0.7
1.00	100,000	2022-10-12	0.8
1.40	590,000	2023-05-23	1.4
1.40	200,000	2023-06-26	1.5
3.25	816,667	2024-05-31	2.4
2.90	800,000	2024-11-27	2.9
0.70	141,000	2026-05-31	4.4
0.75	800,000	2026-05-31	4.4
0.75	1,780,000	2026-11-23	4.9
	TOTAL: 5,780,167		

The following table reflects the outstanding RSUs for the year ended December 31, 2021:

Grant Price $	As at December 31, 2021	Expiry Date	Remaining Life (years)
2.45	1,161,500	2022-12-15	1.0
1.59	-	2022-12-15	1.0
1.03	1,475,000	2022-12-15	1.0
0.51	1,200,000	2023-12-15	2.0
0.52	1,100,000	2023-12-15	2.0
0.465	638,298	2024-12-15	3.0
0.465	1,223,000	2024-12-15	3.0
0.23	1,296,000	2024-12-15	3.0
	TOTAL: 8,093,798		

MARKET FOR SECURITIES

Trading Price and Volume

The Khiron Shares are listed and traded on the TSXV under the trading symbol "KHRN" and the OTCQX under the trading symbol "KHRNF". The table below shows the price ranges and volume of trading on a monthly basis on the TSXV for the financial year ending December 31, 2021:

Period	High ($)	Low ($)	Volume
January 2021	0.43	0.35	10,466,332
February 2021	0.72	0.36	22,152,082
March 2021	0.76	0.41	24,030,520
April 2021	0.6	0.47	6,475,956
May 2021	0.58	0.43	4,545,100
June 2021	0.50	0.41	5,757,200
July 2021	0.49	0.77	17,563,200
August 2021	0.34	0.28	4,213,200
September 2021	0.31	0.27	3,498,300
October 2021	0.29	0.26	2,228,100
November 2021	0.26	0.21	4,875,400
December 2021	0.24	0.17	5,492,900

Prior Sales

The following table sets forth the details regarding all issuances of Khiron securities that are outstanding but not listed or quoted on a marketplace, including issuances of all securities convertible or exchangeable into Khiron Shares, during the most recently completed financial year:

Date	Number of Securities Issued	Type	Issuance Price Per Security	Exercise Price Per Security
May 31, 2021	957,500	RSUs(1)	N/A	N/A
November 23, 2021	140,000	RSUs(1)	N/A	N/A

Notes:

(1) Issued pursuant to the Restricted Share Unit Plan.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

As at April 29, 2022 the Corporation has no escrowed securities and securities subject to contractual restriction on transfer.

DIRECTORS AND OFFICERS

Name, Occupation and Security Holdings

The table below lists the names; municipalities of residence; positions and offices held; principal occupations or employment; and the number of securities beneficially owned, directly or indirectly, or over which control or direction is exercised, of the directors and officers of Khiron as of April 25, 2022.

Name and Municipality of Residence	Principal Occupations for the Last Five Years	Served as a director of Khiron	Position With the Corporation	Number and Percent of Issued Shares	Number and Percent of Issued Warrants	Number and Percent of Issued Options or RSUs
Chris Naprawa *Toronto, Ontario*	President, TAAL Distributed Information Technologies (blockchain services) since Oct. 2020; President, Khiron -June 2018 to June 2020; Partner, Sprott Capital Partners - Jan. 2017 to June 2018; Managing Director, Primary Capital - Sept. 2013 to Dec. 2016.	June 12, 2020 to present	Director and Chair of the Board	2,121,500 [2] (1.18%)	75,000 (0.22%)	200,000 Options (3.90%) 400,000 RSUs (5.5%)
Deborah Rosati *Wainfleet, Ontario*	Director, Khiron since Oct. 2019; Director, Lift & Co. - Sept. 2018 to Sept. 2020; Director, MedReleaf Corp. - June 2017 to July 2018; Director, NexJ Systems Inc. - May 2015 to June 2018; Director, Sears Canada Inc. - 2007 to 2018.	October 28, 2019 to present	Lead Director	67,000 (0.044%)	---	612,766 RSUs (8.4%)
Juan Carlos Echeverry *Bethesda, MD, USA*	Director of Khiron since Dec. 2020; CEO and Founder of Econcept (economic consultancy) since July 2017; CEO Ecopetrol (oil and gas producer) - May 2015 to July 2017.	November 30, 2020 to present	Director	---	---	425,532 RSUs (5.85%)
Vicente Fox *Guanajuato, Mexico*	Director, Khiron since July 2018. President, Vicente Fox Center of Studies, Library and Museum since Jan. 2007.	July 17, 2018 to present	Director	2,000,000 (1.11%)	---	500,000 RSUs (6.88%)
Alvaro Torres *Bogota, Colombia*	Director and CEO, Khiron since Feb. 2017; Managing Director, Delphi Capital Partners - Oct. 2015 to Feb. 2017; Project Manager, QBO Constructores S.A.S. - July 2014 to June 2015.	May 16, 2018 to present	CEO and Director of Khiron	4,940,802[3] (2.75%)	35,715[4] (0.11%)	200,000 Options (3.90%) 600,000 RSUs (8.25%)
Alvaro Yañez *Bogota, Colombia*	Director, Khiron and Principal, Yanez Abogados since May 2017; Director, Momentous Capital Corp. (a CPC) since April 2021; Legal Manager, Petrominerales Colombia Corp. - Jan. 2017 to May 2017; Legal Manager, Pacific Stratus Colombia Corp. - 2010 to Jan. 2017.	May 16, 2018 to present	Director	158,900 (0.09%)	---	200,000 Options (3.90%) 200,000 RSUs (2.75%)

Name and Municipality of Residence	Principal Occupations for the Last Five Years	Served as a director of Khiron	Position With the Corporation	Number and Percent of Issued Shares	Number and Percent of Issued Warrants	Number and Percent of Issued Options or RSUs
Swapan Kakumanu *Calgary, Alberta*	CFO, Khiron since Oct. 2021; a fractional CFO, controller and accounting services provider for private, publicly-traded and non-profit organizations	October 1, 2021 to present	CFO[(1)] and Corporate Secretary	---	---	350,000 RSUs (4.82%)
Juan Diego Alvarez *Bogotá, Colombia*	VP Regulatory Affairs, Khiron since Feb. 2016; advisor to the Ministry of Health, Colombia - Jan. 2015 to Dec. 2015; Professor of Law, Univ. of Los Andes, Colombia since June 2009.	---	Vice President, Regulatory Affairs	154,500 (0.09%)	---	822,500 RSUs (11.32%)
Manuel Buendia *Bogota, Colombia*	VP Operations, Khiron since Oct. 2018; Controller, Khiron - Sept. 2017 to Oct. 2018; Finance Director, Clinica Vascular Navarra (vascular clinic) - Feb. 2017 to Sept. 2017; Finance Director, Aqua & Terra Consultores Asoc. (Civil Engineering) - July 2015 to June 2016.	---	Vice President, Operations	37,500 (0.02%)	---	200,000 Options (4.05%) 387,500 RSUs (4.30%)
Rodrigo Duran *Bogota, Colombia*	VP Pharma, Khiron, since Sept. 2020; CPG Manager,Khiron - April 2019 to Aug. 2020; Commercial Director, Team Foods (food manufacturer and distributor) - Oct. 2013 to March 2019.	---	Vice President, Pharma	---	---	235,000 RSUs (2.06%)
Franziska Katterbach *Frankfurt, Germany*	President, Khiron Europe since June 2021; Chief Legal Officer and Managing Director, Khiron Europe since Oct. 2019-June 2021; Director Legal Europe, Canopy Growth Corporation - July 2018 to Aug. 2019; Senior Associate, Dentons - June 2014 to Aug. 2018.	---	President, Khiron Europe	---	---	2,200000 Stock Options (15.58%) 1,400,000 RSUs (11.01%)

Notes:

(1) 1,328,500 Khiron Shares beneficially owned through Napperville Corp.
(2) 4,015,477 Khiron Shares beneficially owned through Cannainversiones SAS; and 20,325 Khiron Shares over which Mr. Torres exercises control and beneficially owned by Mr. Torres' spouse.
(3) Khiron Shares beneficially owned through Cannainversiones SAS.

Committee Members

Audit Committee: Deborah Rosati (Chair); Juan Carlos Echeverry; and Chris Naprawa

Compensation Committee: Alvaro Yanez (Chair); Chris Naprawa; and Deborah Rosati

Corporate Governance Committee: Juan Carlos Echeverry (Chair); Alvaro Yanez; and Deborah Rosati

Aggregate Ownership of Securities

As a group, the directors and officers of the Corporation hold approximately 9,480,202 Khiron Shares, representing 6.29% of all issued and outstanding Khiron Shares as of the date of this AIF.

Term of Directors

The term of office of the directors expires annually at the time of the Corporation's annual general meeting. The term of office of the executive officers expires at the discretion of the Board.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Except as described below, to the knowledge of Khiron, as of the date of this AIF and within the ten years before the date of this AIF, no proposed director, officer, or promoter is or 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 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, state the fact and describe the basis on which the order was made and whether the order is still in effect; 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, state the fact.

A director of the Corporation, Deborah Rosati, was a director of Sears Canada Inc. which applied for and, on June 22, 2017, obtained an initial order from the Ontario Superior Court of Justice (Commercial List) under the Companies' Creditors Arrangement Act (Canada) providing for, among other things, a stay of proceedings in favour of Sears Canada Inc. and certain of its subsidiaries, for an initial period of 30 days, and appointing FTI Consulting Canada Inc. as monitor. The stay of proceedings has been subsequently extended on multiple occasions, including most recently on January 25, 2021, when the Honorable Mr. Justice Hainey granted an Order extending the stay until July 31, 2021. In connection with the bankruptcy of Sears Canada noted above, numerous current and former directors and officers were sued by various plaintiffs in connection with two dividends declared and paid by Sears Canada to its shareholders in 2012 and 2013. On August 26, 2020, the court approved a settlement between the directors and plaintiffs, settling all claims without admission of any liability in return for a payment to be made to the plaintiffs by the insurers.

Until September 16, 2020, Ms. Rosati was a director of Lift & Co. Corp. when Lift & Co. made a voluntary assignment for the benefit of its creditors under section 49 of the Bankruptcy and Insolvency Act (Canada) following the failure to reach an agreement with holders of the Corporation's secured convertible debentures the ("Debenture-holders") in the aggregate principal amount of $3,500,000 to the proposed sale of certain of the Corporation's assets. The secured convertible debentures matured on September 10, 2020. Lift & Co. did not have the working capital necessary to repay the amount owing on the secured convertible debentures or to continue carrying on its business.

Penalties or Sanctions

To the knowledge of Khiron, no proposed director, officer or promoter of the Corporation 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 security holder making an investment decision.

Personal Bankruptcies

To the knowledge of Khiron, no director, officer or promoter of the Corporation, or a personal holding company of any of them, has, within the ten years prior to the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings,

arrangements, or compromise with creditors or had a receiver manager or trustee appointed to hold the assets of that individual.

The foregoing information, not being within the knowledge of Khiron, has been furnished by the respective directors and executive officers.

Conflicts of Interest

The Corporation's directors are required by law to act honestly and in good faith with a view to the Corporation's best interests and to disclose any interests which they may have in any project or opportunity of ours. If a conflict of interest arises, any director in a conflict will disclose his interest and abstain from voting on such matter at a meeting of the Board.

To the best of the Corporation's knowledge, there are no known existing or potential conflicts of interest among the Corporation, the Corporation's promoters, directors and officers or other members of management of ours or any proposed promoter, director, officer or other member of management as a result of their outside business interests, except that certain of the directors and officers serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties to the Corporation and their duties as a director or officer of such other companies.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

In the ordinary course of business, Khiron may be subject to certain contingent liabilities with respect to existing or potential claims, lawsuits, and other proceedings, including those involving tax, social security, labour lawsuits and other matters. Khiron will accrue liabilities when it is probable that future costs will be incurred and such costs can be reasonably estimated. The Corporation is not currently and has not been a party to any material legal proceedings during the most recently completed financial year.

The Corporation has not been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority, nor has the Corporation been subject to any other penalties or sanctions imposed by a court or regulatory body. The Corporation has not entered into any settlement agreements before a court relating to securities legislation or with a securities regulatory authority.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

For the purposes of this AIF, "informed person" means:

a. a director or executive officer of the Corporation;

b. a person or company that beneficially owns, or controls or directs, directly or indirectly, more than 10% of any class or series of the outstanding voting securities of the Corporation; and

c. any associate or affiliate of any of the persons or companies referred to in paragraphs (a) or (b) above.

No informed person, no proposed director of the Corporation and no associate or affiliate of any such informed person or proposed director, has or has had any material interest, direct or indirect, in any transaction undertaken by the Corporation during its three most recently completed fiscal years or during the current fiscal year or in any proposed transaction, which, in either case, has materially affected or will materially affect the Corporation or any of its subsidiaries.

TRANSFER AGENTS AND REGISTRARS

TSX Trust Company located at 100 Adelaide Street West, Suite 301, Toronto, Ontario, M5H 4H1 is transfer agent and registrar for Khiron.

MATERIAL CONTRACTS

The Corporation's material contracts entered into within the last financial year or prior thereto but that still remain in effect, excluding those made in the ordinary course of the Corporation's business, are as follows:

1. the February 2019 Underwriting Agreement;
2. the Netta SPA;
3. the May 2019 Underwriting Agreement;
4. the November 2020 Underwriting Agreement; and
5. the November 2020 Warrant Indenture.

Copies of these agreements may be inspected during regular business hours at the office of Khiron's legal counsel, Gowling WLG (Canada) LLP, 100 King Street West, Suite 1600, Toronto, Ontario M5X 1G5.

INTERESTS OF EXPERTS

The Corporation's auditor is BDO Canada LLP, Chartered Professional Accountants and is located at Suite 1100 Royal Centre, 1055 West Georgia St., Vancouver, BC V6E 3P3. Such auditor is independent in accordance with the Code of Professional conduct of the Chartered Professional Accountants of British Columbia.

No person whose profession or business gives authority to a statement made by such person and who is named in this AIF has received or will receive a direct or indirect interest in the Corporation's property or any of the Corporation's associates or affiliates.

As at the date hereof, none of the aforementioned persons beneficially owns, directly or indirectly, securities of ours or the Corporation's associates and affiliates. In addition, none of the aforementioned persons nor any director, officer or employee of any of the aforementioned persons, is or is expected to be elected, appointed or employed as, a director, senior officer or employee of the Corporation or of any of the Corporation's associates or affiliates, or as a promoter of ours or an associate or affiliate of ours.

AUDIT COMMITTEES AND CORPORATE GOVERNANCE

The following information regarding the audit committee of the Board (the "**Audit Committee**") is required to be disclosed pursuant to National Instrument 52-110 – *Audit Committees*, ("**NI 52-110**") and the Corporation is relying on the exemption at section 6.1 of said instrument in disclosing the below.

Pursuant to applicable laws, the policies of the TSXV and NI 52-110, the Corporation is required to have an audit committee comprised of not less than three directors, a majority of whom are not officers, control persons or employees of the Corporation or any affiliate of the Corporation. NI 52-110 requires the Corporation, as a venture issuer, to disclose annually in its information circular certain information concerning the constitution of its Audit Committee and its relationship with its independent auditor.

Audit Committee Charter

The Audit Committee has the primary function of fulfilling its responsibilities in relation to reviewing the integrity of Khiron's financial statements, financial disclosures, and internal controls over financial reporting; monitoring the system of internal control; monitoring Khiron's compliance with legal and regulatory requirements, selecting the external auditor for shareholder approval; and reviewing the qualifications, independence and performance of the external auditor. The Audit Committee has specific responsibilities relating to Khiron's financial reports; the external auditor; internal controls; regulatory reports and returns; and legal or compliance matters that have a material impact on Khiron. In fulfilling its responsibilities, the Audit Committee meets regularly with the external auditor and key management members.

The Board has adopted a written charter for the Audit Committee, a copy of which is included as APPENDIX 1 to this Annual Information Form.

Composition of the Audit Committee

Name	Independent / Not Independent[1]	Financial Literacy[1]
Deborah Rosati, Chair[2]	Independent	Financially Literate
Juan Carlos Echeverry	Independent	Financially Literate
Chris Naprawa	Independent	Financially Literate

Notes:

(1) Terms have their respective meanings ascribed in NI 52-110.
(2) Ms. Rosati is the Chair of the Audit Committee.

Relevant Education and Experience

Khiron's Audit Committee members have relevant education and/or experience as more fully described below:

Deborah Rosati FCPA, FCA, ICD.D, GCB.D is the Chair of the Audit Committee. Ms. Rosati is a Fellow Chartered Professional Accountant with over 35 years of experience in leading and managing high growth companies, including in consumer, cannabis, private equity and venture capital, and has advised over 20 private companies on business strategy and financing strategies. Deborah is currently Lead Director and Chair of Nominating & Corporate Governance Committee of the board of TAAL Distributed Information Technologies Inc. (CSE: TAAL). Deborah is a past Board member and Chair of the Audit Committee at MedReleaf Corp. (acquired by Aurora Cannabis), the Founder and CEO of Women Get On Board, a member-based company that connects, promotes, and empowers women to corporate boards, and is the recipient of multiple finance and leadership awards. Ms. Rosati's extensive audit and governance experience includes positions as Vice Chair & Chair of the Audit Committee at cannabis authority Lift & Co (TSXV: LIFT), past Chair of the Audit Committee at Sears Canada Inc., a Member of the Department Audit Committee at Correction Services Canada, and at NexJ Systems Inc. where she was a Board member and Chair of the Audit Committee.

Juan Carlos Echeverry is a founding partner of Econcept, Bogotá and Washington, DC, an economic consultancy in macroeconomic analysis, public policy design and evaluation, and microeconomic research in Latin America, providing macroeconomic and political analysis to the international financial sector. Mr. Echeverry was a former CEO of Ecopetrol, Colombia's largest Oil and Gas producer, No. 559 in Forbes World's Biggest Public Companies and among the 30 largest O&G producers worldwide, as well as former Minister of Finance of Colombia. He was also a former Minister of Economic Planning, former Dean of Economics at Universidad de los Andes (Bogotá), and Associate Professor at Instituto de Empresa, Madrid, with teaching experience at New York University and various Colombian universities. He was a former weekly editorialist of *CNN en Español* in Atlanta and has published papers in different fields of economics, in specialized journals, and three books on the Colombian economy and other Latin American economies. Mr. Echeverry has a PhD in economics from New York University and is a noted public speaker.

Chris Naprawa is the Chair of the Board of Khiron and the President of TAAL Distributed Information Technologies, a provider of blockchain services, infrastructure and transactional platforms for Bitcoin-related solutions and applications. Mr. Naprawa has extensive institutional capital markets, business development and M&A experience. Prior to being appointed to the role of Chair of the Board of Khiron in June 2020, Mr. Naprawa was President of Khiron where he led the company through raising over $80 million in equity financings. Prior to joining Khiron, Mr. Naprawa was a Partner at Sprott Capital Partners, Managing Director at Primary Capital, Head of Equity Sales and Trading at Dundee Securities, and Head of Equity Sales at Macquarie Canada. Mr. Naprawa was also founder and CEO of STARTcast Solutions, a software company successfully sold to a large Canadian telecommunications company after 2 years of operations. Mr. Naprawa holds a Bachelor of Arts from Queen's University.

Audit Committee Oversight

At no time since the commencement of the financial year ended December 31, 2022 and up to the date of this AIF was a recommendation of the Audit Committee to nominate or compensate an external advisor not adopted by the Board.

Pre-Approval Policies and Procedures

The Audit Committee will pre-approve all non-audit services to be provided to Khiron or any Subsidiary entities by its external auditors or by the external auditors of such Subsidiary entities. The Audit Committee may delegate to one or more of its members the authority to pre-approve non-audit services but pre-approval by such member or members so delegated shall be presented to the full Audit Committee at its first scheduled meeting following such pre-approval.

External Auditor Services Fees

MNP LLP was the Corporation's auditor until July 10, 2020. BDO Canada LLP was appointed as the Corporation's auditor effective July 10, 2020. The following tables set forth, by category, the fees for all services rendered by MNP LLP and BDO Canada LLP for the two most recent fiscal years ended December 31, 2020 and December 31, 2021.

MNP LLP	Year Ended December 31, 2020
Audit Fees(1)	$Nil
Audit-Related Fees(2)	$Nil
Tax Fees(3)	$41,516
All Other Fees(4)	$26,750

BDO Canada LLP	Year Ended December 31, 2021	Year Ended December 31, 2020
Audit Fees(1)	$415,775	$ 357,394
Audit-Related Fees(2)	$61,947	$Nil
Tax Fees(3)	$Nil	$Nil
All Other Fees(4)	$Nil	$ 12,720

Notes:

(1) "Audit Fees" include fees necessary to perform the annual audit of the Corporation's consolidated financial statement as well as auditor activities relating to prospectus documents.

(2) "Audit Related Fees" include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultation on proposed transactions, internal control reviews and audit or attestation services not required by legislation or regulation.

(3) "Tax Fees" include fees for all tax services other than those included in the "Audit Fees" and "Audit-Related Fees." This category includes fees for tax compliance, tax planning, and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.

(4) "All Other Fees" includes all other non-audit services, such as comfort letters, consents, reviews of security filings and consultations relating to ERP systems.

ADDITIONAL INFORMATION

Additional information regarding the Corporation may be found under the Corporation's profile on SEDAR at www.sedar.com and on the Corporation's website at investors.khiron.ca Additional information, including the remuneration and indebtedness of the directors and executive officers of the Corporation, principal holders of the Corporation's securities and the securities authorized for issuance under equity compensation plans, is contained in the Information Circular of the Corporation dated May 25, 2021. Additional financial information relating to the Corporation is provided in the financial statements and management's discussion and analysis for the financial year ended December 31, 2021.

APPENDIX 1
KHIRON LIFE SCIENCES CORP.

AUDIT COMMITTEE CHARTER

The Audit Committee Charter (the "Charter") shall govern the activities of the Audit Committee (the "Committee") of the Board of Directors (the "Board") of Khiron Life Sciences Corp. (the "Corporation").

I. PURPOSE OF THE AUDIT COMMITTEE

The Committee is appointed by the Board to assist in fulfilling its oversight responsibility with respect to the integrity of the Corporation's financial reporting process, the performance and independence of the external auditors, the design and implementation and performance of internal controls over financial reporting and disclosure controls, and the monitoring of the Corporation's compliance with relevant legal and regulatory requirements applicable to financial reporting and public disclosure of financial information. The Committee is also responsible for other matters as set out in this Charter and/or as may be directed by the Board from time to time. The Committee should exercise continuous oversight of developments in these areas.

II. MEMBERSHIP

1. The Committee will consist of at least three members.
2. The members of the Committee will be appointed annually (and from time to time thereafter to fill vacancies on the Committee) by the Board. A Committee member may be removed or replaced at any time at the discretion of the Board.
3. If a Committee member simultaneously serves on the audit committee of more than three public companies, the Board shall consider and make a determination as to whether such simultaneous service would impair the ability of such member to effectively serve on the Corporation's Committee and may, if appropriate replace such member with another appropriate director.
4. If the Corporation ceases to be "venture issuer" (that term as defined in National Instrument 52-110), then all of its members shall be 'independent' as determined under the Board's annual assessment of the independence of its members and 'financially literate' one of which should be considered the 'financial expert', in each case as defined under any requirements of the Canadian Securities Administrators or other securities regulatory authorities to which the Corporation is subject.

III. AUTHORITY

In addition to all authority required to carry out the duties and responsibilities included in this Charter; the Committee has specific authority to:

1. engage, and set and pay the compensation for, independent counsel and other advisors as it determines necessary to carry out its duties and responsibilities and any such consultants or professional advisors retained by the Committee will report directly to the Committee;
2. communicate directly with management and the external auditor without management involvement.

IV. DUTIES AND RESPONSIBILITIES

1. The duties and responsibilities of the Committee include:

Financial Reporting

(a) reviewing, monitoring, discussing and assessing the processes in place to identify and manage the principal risks that could impact the financial reporting of the Corporation and

discussing policies with respect to risk assessment and risk management, which discussions will include (i) the Corporation's major financial risk exposures and the steps management has taken to monitor and control such exposures, and (ii) guidelines and policies to govern the process by which risk assessment and management is undertaken;

(b) reviewing and discussing with management and the external auditor the annual audited and quarterly unaudited financial statements and related Management Discussion and Analysis ("MD&A") and press releases for such financial statements, before the dissemination of these documents to shareholders, regulators, analysts and the public and make recommendations to the Board for approval of same. The review shall address the appropriateness of the Corporation's accounting policies, key estimates and judgements (including changes or variations thereto), clarity, accuracy and completeness of disclosure and obtaining reasonable assurance that the financial statements are presented fairly in accordance with GAAP and the MD&A is in compliance with appropriate regulatory requirements;

(c) periodically review and discuss with management and the independent auditors the significance of emerging regulatory and accounting standards and initiatives for the financial reporting of the Corporation;

(d) review treasury operations, including liquidity, financial derivatives and hedging activities;

(e) review all material off-balance sheet transactions, contingent liabilities and transactions with related parties;

External Auditors

(f) recommending to the Board for approval by the shareholders the external auditor to be nominated by the Board or approving any discharge of auditors where circumstances warrant, taking into consideration the Committee's assessment of the incumbent external auditor's performance pursuant to subsection (h) below among other things;

(g) approve the remuneration of the external auditor, to be paid by the Corporation, in connection with:

(i) performing the annual audit on the Corporation's financial statements; and

(ii) performing other audit, review or attestation services as approved by the Committee;

(h) reviewing the external auditor's annual audit plan, fee schedule and any related services proposals (including meeting with the external auditor to discuss any deviations from or changes to the original audit plan, as well as to ensure that no management restrictions have been placed on the scope and extent of the audit examinations by the external auditor or the reporting of their findings to the Committee);

(i) overseeing the work of the external auditor, including the resolution of any disagreements between management and the external auditor regarding financial reporting. The Committee will also perform an annual assessment of the external auditor subsequent to the conclusion of each annual audit of the Corporation's financial statements, as well as a comprehensive assessment of performance every 5 years, or sooner as may be appropriate or required for any reason;

(j) ensuring that the external auditor is independent by receiving a report annually from the external auditors with respect to their independence, such report to include a disclosure of all engagements (and fees related thereto) for non-audit services provided to Corporation;

(k) ensuring that the external auditor is in good standing with the Canadian Public Accountability Board, by receiving, at least annually, a report by the external auditor on the audit firm's internal quality control processes and procedures;

(l) ensuring that the external auditor meets the rotation requirements for partners assigned to the Corporation's annual audit by receiving a report annually from the external auditors setting out the status of each partner with respect to the appropriate regulatory rotation requirements and plans to transition new partners onto the audit engagement as various audit team members' rotation periods expire;

(m) reviewing and discussing with management and the external auditor the external auditor's material written communications to the Committee in accordance with generally accepted auditing standards and other applicable regulatory requirements arising from the annual audit and quarterly review engagements (if applicable);

(n) reviewing and approving the Corporation's hiring policies with respect to partners or employees (or former partners or employees) of either a former or the present external auditor;

(o) pre-approving all non-audit services to be provided to the Corporation or any subsidiaries by the Corporation's external auditor (The Chair of the Committee has the authority to pre-approve in between regularly scheduled Committee meetings any non-audit service of less than $50,000, however such approval will be presented to the Committee at the next scheduled meeting for formal approval);

Internal Controls and Compliance

(p) receive and review the interim and annual CEO and CFO certifications filed with securities regulatory authorities;

(q) review and assess reports prepared or caused to be prepared by management regarding internal controls, financial risk management and insurance programs;

(r) review annually the framework of internal controls, how these align with the objective of preventing and detecting fraud as well as management's assessment of the continued effectiveness and application of those internal controls;

(s) establishing procedures for:

(i) the receipt, retention and treatment of complaints received by the Corporation from employees and others regarding accounting, internal accounting controls or auditing matters and questionable practices relating thereto; and

(ii) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.

(t) review with the Corporation's counsel any legal matters, the Corporation's compliance with applicable laws and regulations, and inquiries received from regulators or governmental agencies that could have a significant impact on the Corporation's financial statements;

(u) overseeing compliance with regulatory authority requirements for disclosure of external auditor services and Committee activities;

(v) review the findings of any examinations by regulatory agencies, and any external auditors' observations made regarding those findings;

(w) review at least annually management's report on the Corporation's source deductions and other remittances required under applicable tax legislation.

Other Responsibilities

(x) establishing procedures for:

(i) reviewing the expenses of the Chair of the Board, and the Chief Executive Officer (the "CEO") on a quarterly basis;

(ii) reviewing the adequacy of the Corporation's insurance coverage;

(iii) reviewing activities, organizational structure, and qualifications of the Chief Financial Officer ("CFO") and the staff in the financial reporting area and ensuring that matters related to succession planning within the Corporation are raised for consideration at the Board;

(y) A regular part of Committee meetings involves the appropriate orientation of new members as well as the continuous education of all members. Items to be discussed include specific business issues as well as new accounting and securities legislation that may impact the organization. The Chair of the Committee will regularly canvass the Committee members for continuous education needs and in conjunction with the Board education program, arrange for such education to be provided to the Committee on a timely basis.

(z) On an annual basis the Committee shall review and assess the adequacy of this Charter taking into account all applicable legislative and regulatory requirements as well as any best practice guidelines recommended by the applicable regulatory bodies with whom the Corporation has a reporting relationship and, if appropriate, recommend changes to the Charter to the Board for its approval.

V. MEETINGS

1. The quorum for a meeting of the Committee is a majority of the members of the Committee.
2. The Board of Directors will appoint the Chair of the Committee. The Chair of the Committee shall be responsible for leadership of the Committee, including scheduling and presiding over meetings, preparing agendas, facilitating the timely, accurate and proper flow of information to and from the Committee members, and making regular reports to the Board. The Chair of the Committee will also maintain regular liaison with the CEO, CFO, and the lead engagement partner of the external auditor.
3. The Committee's schedule of meetings and agendas will be set annually by the Committee. Dates and locations will be provided to the Board, the Committee members, the external auditors and management in advance.
4. The Committee will meet in camera separately with the CEO and separately with the CFO of the Corporation at least annually to review the financial affairs of the Corporation.
5. The Committee will meet with the external auditor of the Corporation in camera at least at each meeting at which the external auditor is in attendance, to review the external auditor's examination and report.
6. Each of the chair of the Committee, members of the Committee, Chair of the Board, external auditor, CEO, CFO or secretary shall be entitled to request that the Chair of the Committee call a meeting which shall be held within 48 hours of receipt of such request to consider any matter that such individual believes should be brought to the attention of the Board or the shareholders.

VI. REPORTS

1. The Committee will report, at least quarterly, to the Board regarding the Committee's examinations and recommendations, and annually to the Board regarding the Committee's compliance with this Charter.
2. The Committee will report its activities to the Board to be incorporated as a part of the minutes of the Board meeting at which those activities are reported.

VII. MINUTES

1. The Committee will maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board.

VIII. ANNUAL PERFORMANCE EVALUATION

1. The Board will conduct an annual performance evaluation of the Committee, taking into account the Charter, to determine the effectiveness of the Committee.

Approved by the Board of Directors.
May 27, 2020

SCHEDULE "A"
LICENSES, CERTIFICATIONS AND MARKET APPROVALS

Cannabis Cultivation and Manufacturing, and Seed Production, Importation and Exportation

1. Resolution 0069 dated 22SEP2017, issued by the Ministry of Justice of Colombia, by means of which KHIRON COLOMBIA is granted a license to cultivate plants of Non-Psychoactive Cannabis.

2. Resolution 0841 dated 19OCT2017, issued by the Ministry of Justice of Colombia, by means of which KHIRON COLOMBIA is granted a license to cultivate plants of Psychoactive Cannabis.

3. Resolution 3735 dated 04OCT2017, issued by the Ministry of Health of Colombia, by means of which KHIRON COLOMBIA is granted a license to manufacture Cannabis Derivatives for a) national use, b) Scientific Research and c) export.

4. Resolution 4701 dated 11APR2019, issued by ICA, by means of which KHIRON COLOMBIA is registered to Import non-psychoactive and psychoactive cannabis seeds.

5. Resolution 19273 dated 28NOV2019, issued by the ICA, by means of which KHIRON COLOMBIA is registered to Export non-psychoactive and psychoactive cannabis seeds.

6. Resolution 25847 dated 28MAY2018, issued by the ICA, by means of which KHIRON COLOMBIA is registered to produce non-psychoactive and psychoactive cannabis seeds.

GMP and GEP Certifications

1. Certificate of Good Elaboration Practices for Magistral Preparations with Cannabis issued by INVIMA in favor of the company Bio Vie S.A.S., a GEP laboratory that manufactures magistral preparations with cannabis under contract to Khiron Colombia.

SCHEDULE "B"
KHIRON STRAINS AND REGISTRATION STATUS

The following table summarizes the status of the Corporation's 22 registered strains. "X" indicates the registration step has been completed.

	Strain name	Genetic Stabilization	Agronomical Test	Strain Registration Phase 1	Strain Registration Phase 2
1	FT-1-009	X	X	X	X
2	DQ-3-002	X	X	X	X
3	RE-1-003	X	X	X	X
4	TA-3-008	X	X	X	X
5	RO-3-007	X	X	X	X
6	WW-3-011	X	X	X	X
7	BB-3-009	X	X	X	X
8	AK-3-021	X	X	X	X
9	KHI-4-006	X	X	X	X
10	KHI-4-008	X	X	X	X
11	SK-2-003	X	X	X	X
12	KHI-4-011	X	X	X	X
13	KHI-4-012	X	X	X	X
14	KHI-4-013	X	X	X	X
15	KHI-4-015	X	X	X	X
16	WRH-3-026	X	X	X	X
17	SK-3-012	X	X	X	X
18	SM-3-015	X	X	X	X
19	KHI-4-003	X	X	X	X
20	KHI-4-004	X	X	X	X
21	KHI-4-007	X	X	X	X
22	KHI-4-009	X	X	X	X

The following table summarizes the ten strains that have completed the agronomical evaluation process and are pending registration, as well as the additional 34 strains available for future development, if required. “X” indicates the process has been completed.

	Strain name	Genetic Stabilization	Agronomical Test	Strain Registration Phase 1	Strain Registration Phase 2
23	TH-1-005	X	X	Pending	Pending
24	MD-2-001	X	X	Pending	Pending
25	AC-1-001	X	X	Pending	Pending
26	KHI-1-013	X	X	Pending	Pending
27	CHR-3-019	X	X	Pending	Pending
28	IC-3-020	X	X	Pending	Pending
29	MSK-3-022	X	X	Pending	Pending
30	MK-3-023	X	X	Pending	Pending
31	SCH-3-025	X	X	Pending	Pending
32	KHI-1-012	X	X	Pending	Pending
33	SD-3-016	Pending	Pending	Pending	Pending
34	BJ-3-018	Pending	Pending	Pending	Pending
35	MB-3-031	Pending	Pending	Pending	Pending
36	DC-3-003	Pending	Pending	Pending	Pending
37	HZ-3-011	Pending	Pending	Pending	Pending
38	KHI-4-002	Pending	Pending	Pending	Pending
39	KHI-4-014	Pending	Pending	Pending	Pending
40	KHI-4-016	Pending	Pending	Pending	Pending
41	CW-3-029	Pending	Pending	Pending	Pending
42	FR-1-007	Pending	Pending	Pending	Pending
43	UO-1-010	Pending	Pending	Pending	Pending
44	SOG-3-013	Pending	Pending	Pending	Pending
45	SSKOG-3-014	Pending	Pending	Pending	Pending
46	KHI-4-005	Pending	Pending	Pending	Pending
47	KHI-4-010	Pending	Pending	Pending	Pending
48	DB-3-024	Pending	Pending	Pending	Pending
49	SG-3-032	Pending	Pending	Pending	Pending
50	WM-3-027	Pending	Pending	Pending	Pending
51	WWA-3-028	Pending	Pending	Pending	Pending
52	FH-3-030	Pending	Pending	Pending	Pending
53	PCB-2-004	Pending	Pending	Pending	Pending
54	AO-3-001	Pending	Pending	Pending	Pending
55	MB-3-034	Pending	Pending	Pending	Pending
56	SSK-3-017	Pending	Pending	Pending	Pending