GREENLANE RENEWABLES INC.

ANNUAL INFORMATION FORM

For the Financial Year Ended December 31, 2019

April 28, 2020

Suite 110, 3605 Gilmore Way
Burnaby, British Columbia
Canada V5G 4X5

CONTENTS

TERMS OF REFERENCE

In this Annual Information Form (the "**AIF**"), unless the context otherwise dictates, references to the "**Company**", "**Greenlane**", "**we**" and "**our**" refer to Greenlane Renewables Inc. and references to the "**Greenlane Biogas Group**" refers to Greenlane's wholly-owned subsidiaries which were acquired from Pressure Technologies on June 3, 2019.

The information contained in this AIF is current as of December 31, 2019 with subsequent events disclosed to April 28, 2020.

All references to dollars ($) in this AIF are expressed in Canadian dollars, unless otherwise indicated.

MARKET DATA

Unless otherwise indicated, information contained in this AIF concerning the industry and markets in which the Company operates, including its general expectations and market position, market opportunity and market share is based on information from independent industry organizations, and other third-party sources (including industry publications, surveys and forecasts), and management estimates.

Unless otherwise indicated, the management estimates in this AIF are derived from publicly available information released by independent industry analysts and third party sources, as well as data from the Company's internal research, and are based on assumptions made by the Company based on such data and its knowledge of such industry and markets, which the Company believes to be reasonable. The Company's internal research has not been verified by any independent source, and it has not independently verified any third-party information. While the Company believes the market position, market opportunity and market share information included in this AIF is generally reliable, such information is inherently imprecise. In addition, projections, assumptions and estimates of the Company's future performance and the future performance of the industry in which the Company operates are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described under the "Risk Factors".

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

This AIF contains certain forward-looking information within the meaning of applicable Canadian securities laws. Forward-looking statements describe the Company's future plans, strategies, expectations and objectives, and are generally, but not always, identifiable by use of the words "may", "will", "should", "continue", "expect", "anticipate", "estimate", "believe", "intend", "plan" or "project" or the negative of these words or other variations on these words or comparable terminology.

Forward-looking statements contained in this AIF include, without limitation, statements regarding:

- the Company's expectations regarding its revenue, expenses and operations;
- the Company's anticipated cash needs and its need for additional financing;
- the Company's plans for and timing of expansion of its services;
- the Company's ability to convert its pipeline of prospective biogas upgrading opportunities into revenues;

- the Company's ability to conclude its proposed joint venture with SWEN Capital Partners;
- the Company's ability to participate in the development of RNG projects;
- the Company's future growth plans;
- the effects of the current COVID-19 pandemic on the Company;
- the Company's competitive position and its expectations regarding competition; and
- anticipated trends and challenges in the Company's business and the markets in which it operates.

Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made, but which may prove to be incorrect. The Company believes that the assumptions and expectations reflected in such forward-looking information are reasonable.

Key assumptions upon which the Company's forward-looking information are based include:

- those relating to general economic conditions;
- those related to the Company's pipeline of known sales opportunities;
- the Company will be successful in earning revenues from the Company's present sales order backlog for biogas upgrading projects;
- legislative and regulatory environments where the business of the Company operates including Canada, the United States and Europe;
- the impact of the current COVID-19 pandemic on the Company's operations;
- the impact of increasing competition;
- the definitive terms of the joint venture agreements agreed to with SWEN Capital Partners; and
- the Company's ability to obtain regulatory approvals necessary to the operations of its business.

Readers are cautioned that the foregoing list is not exhaustive of all factors and assumptions which may have been used. Forward looking statements are also subject to risks and uncertainties facing the Company's business, any of which could have a material impact on its outlook.

Some of the risks the Company faces and the uncertainties that could cause actual results to differ materially from those expressed in the forward-looking statements include:

- Risks relating to the business of the Company:
    - the COVID-19 outbreak and its effect on the Company’s business;

- the impact of any recession on the Company and its markets;
- failure of the Company's biogas upgrading systems performance expectations;
- unexpected disruptions affecting project developments and operations;
- a small number of large biogas upgrader orders comprise a large portion of revenues;
- there is no guarantee the Company's sales pipeline will convert into orders and order backlog will convert into revenues without being deferred into future financial periods;
- the SWEN joint venture may not proceed as planned;
- failure to secure additional financing;
- the Company's negative cash flow from operations;
- fluctuations in operating results and cash flow;
- global economic risks;
- indebtedness;
- ability to continue on a going-concern basis;
- reliance on permits and authorizations and delays in receiving such permits and authorizations;
- potential reduction in demand for renewable energy;
- product liability claims;
- compliance with environmental legislation;
- regulatory risks, including changes to national and local legislation;
- management of growth;
- retention and acquisition of skilled personnel;
- legal and regulatory proceedings;
- economic and political developments surrounding the United Kingdom leaving the European Union;
- dependence on intellectual property; and
- relationships with suppliers.

- Risks related to financial and accounting aspects:
  - capital requirements associated with expanded operations;
  - risks associated with acquisitions;
  - foreign sales and foreign currency fluctuations;
  - estimates or judgments relating to critical accounting policies;
  - operating claims; and
  - tax risks.
- Risks related to the Common Shares:
  - market for Common Shares;
  - no history of payment of cash dividends;
  - dilution of shareholders' interests as a result of issuance of securities;
  - significant sales of Common Shares; and
  - tax issues.

If any of these risks or uncertainties materialize, or if assumptions underlying the forward-looking statements prove incorrect, actual results might vary materially from those anticipated in those forward-looking statements. The assumptions referred to above and described in greater detail under "Risk Factors" should be considered carefully by readers. Accordingly, readers should not place undue reliance on forward-looking statements. We do not undertake to update or revise any forward-looking statements, except as, and to the extent required by, applicable securities laws in Canada.

All of the forward-looking statements contained in this AIF are expressly qualified by the foregoing cautionary statements.

GLOSSARY OF TERMS

The following is a glossary of certain terms used in this AIF:

"**Acquisition**" has the meaning ascribed thereto in "General Development of Business – Three Year History – Qualifying Transaction";

"**Advisory Fee**" has the meaning ascribed thereto in "Interest of Management and Others in Material Transactions";

"**AIF**" or "**Annual Information Form**" means this annual information form of the Company in respect of the year ended December 31, 2019;

"**ASIC**" has the meaning ascribed thereto in "General Development of Business – Three Year History – Qualifying Transaction";

"**Audit Committee Charter**" has the meaning ascribed thereto in "Audit Committee Information – Audit Committee Charter";

"**Base Prospectus**" has the meaning ascribed thereto in "General Development of Business – Three Year History – Subscription Receipt Financing";

"**BCBCA**" the *Business Corporations Act* (British Columbia);

"**Beacon**" means Beacon Securities Limited;

"**Board of Directors**" or "**Directors**" means the directors of the Company as at the date of this document;

"**Common Shares**" has the meaning ascribed thereto in "Corporate Structure – Name, Address and Incorporation";

"**COVID-19**" has the meaning ascribed thereto in "Risk Factors – Risks Relating to the Business of the Company - The COVID-19 outbreak and its effect on the Company's business";

"**CPC Escrow Agreement**" has the meaning ascribed thereto in "Escrowed Securities";

"**Creation Partners**" has the meaning ascribed thereto in "Escrowed Securities";

"**EDC**" has the meaning ascribed thereto in "General Development of Business – Three Year History – Qualifying Transaction";

"**Filing Statement**" means the Company's filing statement in respect of the Qualifying Transaction (as defined herein) dated May 13, 2019;

"**Final Exchange Bulletin**" has the meaning ascribed thereto in "Escrowed Securities";

"**Greenlane**" or the "**Company**" has the meaning ascribed thereto in "Terms of Reference";

"**Greenlane Biogas Group**" has the meaning ascribed thereto in "Terms of Reference";

"**IBA**" has the meaning ascribed thereto in "General Development of Business – Three Year History – Formation of Integrated Biogas Alliance";

"**IFRS**" means International Financial Reporting Standards as adopted by the International Accounting Standards Board;

"**Joint Venture**" has the meaning ascribed thereto in "General Development of Business – Three Year History – Build, Own and Operate Business Model – SWEN Capital Partners Agreement in Principle";

"**JV Co**" has the meaning ascribed thereto in "General Development of Business – Three Year History – Build, Own and Operate Business Model – SWEN Capital Partners Agreement in Principle";

"**Lock-Up Agreements**" has the meaning ascribed thereto in "Escrowed Securities";

"LTIP Payments" has the meaning ascribed thereto in "Interest of Management and Others in Material Transactions";

"**Obligations**" has the meaning ascribed thereto in "General Development of Business – Three Year History – Qualifying Transaction";

"**Obligors**" and "**Obligors**" has the meaning ascribed thereto in "General Development of Business – Three Year History – Qualifying Transaction";

"**Offering**" has the meaning ascribed thereto in has the meaning ascribed thereto in "General Development of Business – Three Year History – Shelf Prospectus Offering";

"**Optioned Common Shares**" has the meaning ascribed thereto in "Interest of Management and Others in Material Transactions";

"**person**" means a company or individual;

"**Pressure Technologies**" means Pressure Technologies plc;

"**Promissory Note**" has the meaning ascribed thereto in "General Development of Business – Three Year History – Qualifying Transaction";

"**PSA**" means pressure swing absorption;

"**PT Biogas**" means PT Biogas Holdings Limited;

"**PT Intercompany Debt**" has the meaning ascribed thereto in "General Development of Business – Three Year History – Qualifying Transaction";

"**PT Special Warrants**" has the meaning ascribed thereto in "General Development of Business – Three Year History – Qualifying Transaction";

"**QT Warrants**" has the meaning ascribed thereto in "General Development of Business – Three Year History – Subscription Receipt Financing";

“**Qualifying Transaction**” has the meaning ascribed thereto in “Corporate Structure – Name, Address and Incorporation”;

“**Right to Direct Sale Agreement”** has the meaning ascribed thereto in “Interest of Management and Others in Material Transactions”;

“**RNG**” means renewable natural gas;

“**RNGC**” has the meaning ascribed thereto in “Overview of Business – Biogas Upgrading Contracts – Updates”;

“**SEDAR**” means the System for Electronic Document Analysis and Retrieval filing system, available on the Internet at www.sedar.com;

“**SoCalGas**” has the meaning ascribed thereto in “General Development of Business – Three Year History – Expansion”;

“**Special Warrant Indenture**” has the meaning ascribed thereto in “General Development of Business – Three Year History – Subscription Receipt Financing”;

“**Special Warrant**” has the meaning ascribed thereto in “General Development of Business – Three Year History – Subscription Receipt Financing”;

“**SPA**” has the meaning ascribed thereto in “General Development of Business – Three Year History – Qualifying Transaction”;

“**SPV**” has the meaning ascribed thereto in “General Development of Business – Three Year History – Build, Own and Operate Business Model – SWEN Capital Partners Agreement in Principle”;

“**SR Financing**” has the meaning ascribed thereto in “General Development of Business – Three Year History – Subscription Receipt Financing”;

“**Subscription Receipts**” has the meaning has the meaning ascribed thereto in “General Development of Business – Three Year History – Subscription Receipt Financing”;

“**SWEN**” means SWEN Capital Partners;

“**SWIFT**” has the meaning ascribed thereto in “General Development of Business – Three Year History – Build, Own and Operate Business Model – SWEN Capital Partners Agreement in Principle”;

“**TSXV**” means the TSX Venture Exchange;

“**United States**” or “**U.S.**” means the United States of America;

“**Units**” has the meaning ascribed thereto in “General Development of Business – Three Year History – Shelf Prospectus Offering”;

“**Value Escrow Agreement**” has the meaning ascribed thereto in “Escrowed Securities”; and

“**Warrant**” has the meaning ascribed thereto in “General Development of Business – Three Year History – Shelf Prospectus Offering”.

CORPORATE STRUCTURE

Name, Address and Incorporation

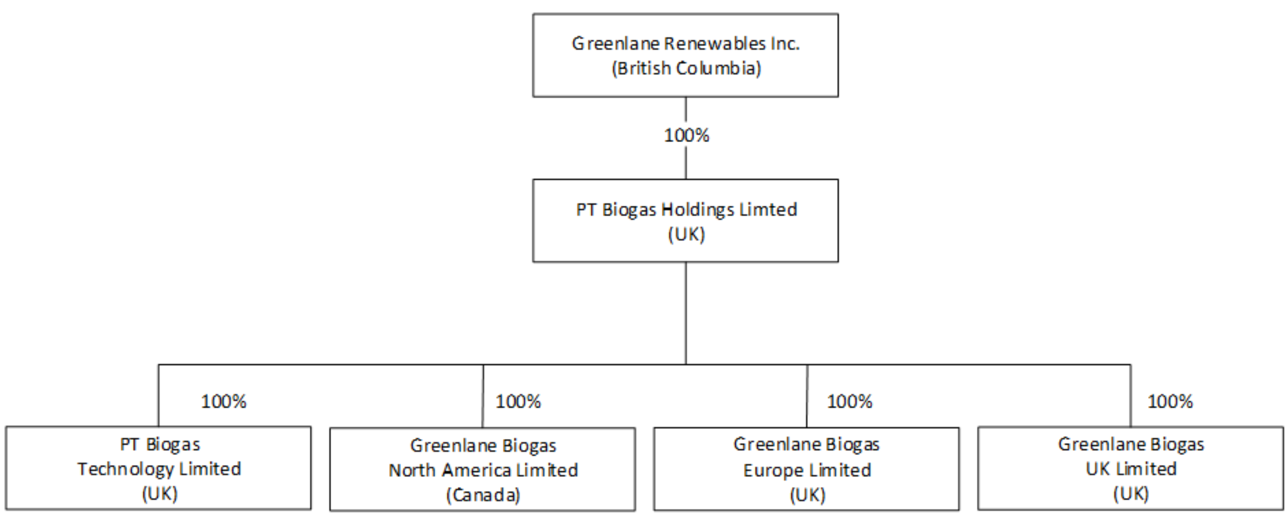
The Company was incorporated under the BCBCA on February 15, 2018 under the name "Creation Capital Corp." The Company was a "capital pool company" that completed its initial public offering on the TSXV on October 29, 2018. On June 3, 2019, the Company completed the acquisition of PT Biogas from Pressure Technologies which qualified as the Company's qualifying transaction (the "**Qualifying Transaction**") under TSXV rules and changed its name to "Greenlane Renewables Inc."

The Company's head office is located at Suite 110, 3605 Gilmore Way, Burnaby, British Columbia, V5G 4X5. The Company also has an office in Sheffield, England and additional sales and service personnel in the United States, Germany and France. The Company's registered office is located at Suite 1500-1055 West Georgia Street, Vancouver, British Columbia, V6E 4N7.

The common shares of the Company (the "**Common Shares**") are listed and posted for trading on the TSXV under the symbol "GRN". The QT Warrants are listed on the TSXV under the trading symbol "GRN.WT". The Company is a reporting issuer in Canada in the provinces of British Columbia, Alberta, Manitoba and Ontario.

Intercorporate Relationships

Greenlane's business is carried on through its various subsidiaries. The following chart illustrates, as at the date of this AIF, the Company's material subsidiaries, including their respective jurisdiction of incorporation and percentage of voting securities in each that are held by the Company either directly or indirectly:



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GENERAL DEVELOPMENT OF THE BUSINESS

General Development of the Business

Summary

Biogas, produced from the decomposition of organic matter in an oxygen free environment, has been known to be an energy source for a very long time. It started as a cheap heating fuel. Beginning in the late 1980s, facilities using biogas in engines to produce power and heat started to come online in growing quantities in Europe and North America. Focus has since shifted to higher value, higher technology upgrading, which cleanses trace impurities and separates carbon dioxide from methane to create biomethane that can be blended with or entirely substituted for fossil natural gas used in vehicles and distributed by pipeline. This resulting biomethane is generally referred to as renewable natural gas.

In October 2014, Pressure Technologies acquired the business and certain assets of Auckland, New Zealand based Greenlane Biogas Holdings Limited (renamed to PT Biogas Holdings Limited) and those of its subsidiary companies in Europe (Stockholm, Sweden) and North America (Vancouver, Canada). Prior to that in 2008, Pressure Technologies and Greenlane Biogas Limited entered into a cooperation agreement pursuant to which Pressure Technologies would acquire an exclusive licence to utilize patented technology of Greenlane Biogas Limited in the United Kingdom and Ireland. Pressure Technologies acquired this licence in early 2009. The predecessor company to Greenlane Biogas Holdings Limited was founded in New Zealand in 1986 with a focus on designing and building heat exchangers and gas compression packages. In 1993, that company installed its first biogas upgrading plant in France and opened its first European office in Stockholm in 1994. Greenlane branded biogas upgrading systems were first, deployed in the 1990s in France, Sweden and Iceland to meet early demand for clean renewable fuel for vehicles (cars, buses and trucks). These initial systems were installed primarily at waste water treatment plants to upgrade low energy biogas into high value RNG. These units were small sized biogas upgraders using water wash, the Greenlane Biogas Group’s core biogas upgrading technology.

In the 2000s, Greenlane Biogas™ branded water wash product line was expanded to include larger units as the market developed and began to understand the cost benefits of scaling up projects. Product sales spread into new geographies including Japan, South Korea, and New Zealand, then into Spain and Germany, in which the largest biogas upgrading plants in the world at the time were supplied. Applications moved beyond waste water treatment plants to include source separated organics, food waste, agricultural crops and crop residues. In addition to fueling vehicles, the resulting RNG was at this time also being injected directly into natural gas pipeline networks.

From 2010 onward, Greenlane branded product line was expanded further to include pressure swing absorption technology for new applications including landfills and for locations with stringent RNG pipeline injection specifications. The Greenlane Biogas Group also added membrane technology to its product offering. Greenlane branded system sales further expanded into new geographies including England, Scotland, Canada, Finland, Denmark, Norway, the Netherlands, the United States, China, and Brazil.

In 2014, the Greenlane Biogas Group supplied the world’s largest biogas upgrading plant in Montreal, Canada. In 2015, the Greenlane Biogas Group underwent an organizational restructuring to focus on core markets (Europe and North America) with physical locations in Sheffield, United Kingdom; Vancouver, Canada; and Auckland, New Zealand. In 2016, the order for the 100th Greenlane branded upgrading system was received. In 2017, the Greenlane Biogas Group received an order for two large biogas upgrading units from the City of St. Hyacinthe, Quebec, Canada. Later in 2017, the Greenlane Biogas Group extended its biogas upgrading equipment line-up, with the high capacity Kauri water wash system, twice the capacity of the Greenlane Biogas Group's next largest biogas upgrading system and which management believes, based on its review of its competitors' public disclosure documents, was the largest single system on the market at the time (the first Kauri order was announced for a project in Southwest United States).

By 2018, over 100 Greenlane Biogas™ branded biogas upgrading systems had been deployed into 18 countries, including the first biogas upgrading system sold in 11 countries and the world's largest upgrading plants, in Germany and Canada. Based on an industry report,[1] Greenlane branded products had greater supplied capacity than its competitors on an aggregated basis in 2018.

Three Year History

Notable events in the development of Greenlane's business during the last three years include the following:

<u>2017</u>

Development of Kauri Water Wash System

The Greenlane Biogas Group extended its biogas upgrading equipment line-up, with the high capacity Kauri water wash system, twice the capacity of the Greenlane Biogas Group's next largest biogas upgrading system and which management believed, based on its review of its competitors' public disclosure documents, was the largest single system on the market at the time (the first Kauri order was announced for a project in Southwest United States).

Internal Restructuring of Greenlane Biogas Group

Pressure Technologies completed a major internal restructuring of its Alternative Energy division (Greenlane Biogas Group), moving from three regionally managed units into one globally operated company headquartered in Vancouver, Canada with Brad Douville, appointed as President of the Greenlane Biogas Group;

<u>2018</u>

Expansion

Four new biogas upgrader system orders were awarded and commenced in the year for projects in the United Kingdom, the United States, Brazil and Canada.

Waste management company CR&R and Southern California Gas Company ("**SoCalGas**") announced that for the first time ever, due in part to a Greenlane Biogas Group biogas upgrading system, renewable natural gas produced within California is being injected into SoCalGas' natural gas pipelines meeting the strict Rule 30 gas quality specification.

[1] Source: October 2018 "RNG/Biomethane Market intelligence Report: North America and Europe" by Biogas World Media Inc."

Review of Strategic Options by Pressure Technologies

Pressure Technologies announces review of strategic options for the Greenlane Biogas Group to unlock better value for shareholders and to refocus on its core specialist manufacturing activities in defence and oil and gas markets.

<u>2019</u>

Qualifying Transaction

The Company completed the acquisition (the "**Acquisition**") of PT Biogas from Pressure Technologies, on June 3, 2019 pursuant to a share purchase agreement (the "**SPA**") between the Company and Pressure Technologies dated April 1, 2019, as amended on May 10, 2019. The Acquisition was completed as the Company's Qualifying Transaction under TSXV rules.

In consideration for the Acquisition, the Company paid Pressure Technologies total consideration of £10.1 million (after adjustments for working capital) (or $17.4 million based on exchange rates at the time of the closing of the Qualifying Transaction) as follows:

- cash of £2.0 million (or $3.4 million based on exchange rates at the time of the closing of the Qualifying Transaction);

- £2.0 million (or $3.5 million at the prescribed exchange rate of $1.7418 per £1), through the issuance of 17,418,000 special warrants (the "**PT Special Warrants**") at a deemed value of $0.20 per PT Special Warrant. The PT Special Warrants had the same or similar terms as the Special Warrants issued under the SR Financing and converted into 17,418,000 Common Shares and 8,709,000 Warrants on August 9, 2019; and

- £6.1 million (or $10.5 million based on exchange rates at the time of the closing of the Qualifying Transaction) in the form of a promissory note (the "**Promissory Note**") which will be paid on or before the date that is 48 months from the closing date of the Qualifying Transaction, being June 3, 2023. The Promissory Note is denominated 50% in British pounds sterling (£3.0 million), and 50% in Canadian dollars, with the amount fixed at $5.3 million. The Promissory Note bears interest at a rate of 7% per year with accrued interest payable at the maturity date, and is secured by the shares of PT Biogas and the assets of the Company. The Company is not required to make principal or interest payments prior to the maturity date, unless Pressure Technologies subordinates its security for certain financings, in which case the Company will be required to pay interest on a current basis or the Company defaults on the loan in which case all of the Company's obligations under the Promissory Note will become immediately due and payable without notice. Additionally, under the terms of the Promissory Note, if the Company completed an equity financing prior to the maturity date of the Promissory Note, the Company would have been required to pay to Pressure Technologies from the net proceeds of such equity financing, an amount equal to the lesser of (i) 50% of the net proceeds of the equity financing and (ii) such other amount that results in a reduction of the principal to £4.1 million. On February 19, 2020, the Company completed the Offering for gross proceeds of $11.5 million. Accordingly, the Company paid (i) $3.4 million (equivalent to £2.0 million) for a payment in principal to reduce the outstanding balance of the Promissory Note; and (ii) $0.2 million (equivalent to £0.1 million) for an interest payment to Pressure Technologies under the Promissory Note. As of the date of this

AIF, the outstanding balance of the Promissory Note was approximately $7.2 million (equivalent to £4.1 million). See "General Development of the Business – Three Year History – Shelf Prospectus Offering".

The Common Shares resumed trading on the TSXV under the symbol "GRN" on June 10, 2019. Following the completion of the Qualifying Transaction, PT Biogas and its subsidiaries remained indebted to Pressure Technologies in connection with certain general and administrative expenses relating to the business of PT Biogas and its subsidiaries that were incurred prior to the completion of the Qualifying Transaction and were paid for by Pressure Technologies on behalf of PT Biogas (the "**PT Intercompany Debt**"). The PT Intercompany Debt was outstanding in the amount of $0.7 million (£0.4 million) as of the date of completion of the Qualifying Transaction and was outstanding in the amount of $0.7 million (£0.4 million) as of December 31, 2019 Pressure Technologies has agreed to accept repayment of this debt over nine equal installments, to be paid upon receipt by the Company of initial milestone payments on new biogas upgrading contracts. Payments to Pressure Technologies will be funded using cash generated from operations.

As security for the payment and performance by the Company of all obligations under the Promissory Note (the "**Obligations**"), the Company, PT Biogas, Greenlane Biogas North America Limited and PT Biogas Technology Limited (collectively, the "**Obligors**" and each an "**Obligor**") granted and agreed to maintain perfected charges and security interests enforceable against the Obligors and all third parties in favour of Pressure Technologies, in, to and over all present and after-acquired property of each Obligor. Each of the Obligors entered into an unlimited guarantee with Pressure Technologies, guaranteeing the payment and performance of the Obligations. Under the Promissory Note, Greenlane is permitted to enter into any credit facility, line of credit, finance lease or other debt financing arrangement provided by a Schedule I or Schedule II bank in Canada or Export Development Canada ("**EDC**") in favour of any Obligor arranged to finance the ordinary course of business operations of the Obligors, provided that the aggregate of the principal amounts outstanding at any one time under such debt financing will not exceed $2,500,000. This limit on debt financings does not include performance bonds, surety bonds, letters of credit and other financial instruments entered into by any of the Obligors in order to secure the performance by an Obligor of its obligations under any equipment sales and projects undertaken by the Obligor in the ordinary course of business.

In 2019, the Company issued an irrevocable letter of guarantee of $2.5 million through TD Canada Trust Bank, and guaranteed in full by EDC, relating to an advance payment guarantee with one customer. In April 2020, the Company issued a performance bond for US$0.5 million through Atlantic Specialty Insurance Company ("**ASIC**"), partially guaranteed by EDC to one customer. Upon demand of either the letter of guarantee or performance bond, the Company would be required to compensate ASIC and EDC for any losses and expenses as applicable.

Subscription Receipt Financing

The Company completed a financing (the "**SR Financing**") of an aggregate of 41,965,225 subscription receipts (the "**Subscription Receipts**") on May 30, 2019 at an issuance price of $0.20 per Subscription Receipt for gross aggregate proceeds of $8.4 million. The SR Financing was completed in order to enable the Company to satisfy the private placement financing condition to closing of the Acquisition under the SPA. Upon completion of the Qualifying Transaction, the proceeds from the SR Financing, net of agents' commissions and fees, were released to the Company and each Subscription Receipt automatically converted into one special warrant (each a "**Special Warrant**") on June 3, 2019. The Special Warrants were issued pursuant to the terms of a special warrant indenture (the "**Special Warrant Indenture**") entered into between the Company and Computershare Trust Company of Canada, as agent for the Special Warrants, on May 31, 2019.

Under the terms of the SPA, the Company agreed to qualify the issuance of the Common Shares and share purchase warrants (the "**QT Warrants**") issuable on conversion of the Special Warrants and PT Special Warrants. Each QT Warrant is exercisable by the holder to purchase one additional Common Share at a price of $0.26 per Common Share until June 3, 2021.The Company qualified the issuance of these securities, except for the Common Shares and QT Warrants issued to Beacon as lead agent of the SR Financing, through the filing of (i) the Company's base shelf prospectus on July 31, 2019 (the "**Base Prospectus**"), (ii) a prospectus supplement dated August 1, 2019 in connection with conversion of the Special Warrants, and (iii) a prospectus supplement dated August 1, 2019 in connection with the conversion of the PT Special Warrants.

As a result of the prospectus qualification, (i) the 40,965,225 Special Warrants issued pursuant to the SR Financing automatically converted into 40,965,225 Common Shares and 20,482,612 QT Warrants on August 9, 2019 and (ii) the 17,418,000 PT Special Warrants automatically converted into 17,418,000 Common Shares and 8,709,000 QT Warrants on August 9, 2019. The QT Warrants began trading on the TSXV under the symbol GRN.WT on August 13, 2019.

On October 1, 2019, pursuant to the terms of the Special Warrant Indenture, 1,000,000 Special Warrants issued to Beacon, the lead agent of the SR Financing, automatically converted into 1,000,000 Common Shares and 1,000,000 QT Warrants. The 1,000,000 QT Warrants issued to Beacon as lead agent of the SR Financing were listed for trading on January 13, 2020.

Following the conversion of the PT Special Warrants and certain transfers completed by Pressure Technologies, as disclosed in the Filing Statement, Pressure Technologies currently holds 14,282,760 Common Shares and 7,141,380 QT Warrants, and is accordingly presently the holder of more than 10% of the Company's outstanding Common Shares. The Common Shares and QT Warrants held by Pressure Technologies are subject to the Right to Direct Sale Agreement, the Advisory Fee and the LTIP Payments.

Pursuant to the Right to Direct Sale Agreement, Greenlane has the right to direct Pressure Technologies to sell all or any portion of 4,354,500 Common Shares to former directors, officers and employees of the Company (other than Wade Nesmith, David Demers and David Blaiklock) as determined by Greenlane in its discretion and subject to the terms of the Right to Direct Sale Agreement. See "Escrowed Securities".

In connection with payment of the Advisory Fee, Pressure Technologies will deliver into escrow, 1,915,980 Common Shares and 957,990 QT Warrants issued on conversion of 1,915,980 PT Special Warrants. Such escrowed Common Shares and QT Warrants will be released to Creation Partners upon repayment in full of the Promissory Note. See "Interests of Management and Others in Material Transactions".

In satisfaction of the LTIP Payments, Pressure Technologies will deliver into escrow, 2,177,250 Common Shares and 1,088,625 QT Warrants issued on conversion of 2,177,250 PT Special Warrants. Such escrowed Common Shares and QT Warrants will be released to Brad Douville upon repayment in full of the Promissory Note. See "Interests of Management and Others in Material Transactions".

Formation of Integrated Biogas Alliance

The Company announced on December 3, 2019 that the Company had become a founding member of the Integrated Biogas Alliance ("**IBA**") together with AB Energy (Italy), Eisenmann Corporation (USA), Entsorga (Italy) and Tietjen (Germany). Each of the participants in the IBA is an internationally recognized technology company. The participants have joined forces on a non-exclusive basis to provide the global biogas industry with a unique, fully integrated organic waste to renewable energy platform solution. The objectives of the participants in entering into the IBA is to lower the inherent risks facing developers, investors and EPC (engineering, procurement and construction) firms in developing biogas plants, lower project execution risks and improve their bankability. The participants in the IBA propose to achieve these objectives through the offering of an integrated platform solution approach to advancing the deployment of biogas plants throughout the world. The Company believes that the participants in the IBA, with their global footprint, reach and supply chain, have the capability to process virtually any organic waste including livestock, food and green waste, generating both renewable natural gas as well as compost and other organic fertilizers for projects anywhere in the world. The participants in the IBA have formed the IBA on a non-exclusive basis and the Company does not have any commitments or obligations for any biogas contracts under the IBA. In addition, any future contracts involving any of the participants in any biogas development contract secured in connection with the IBA will be subject to negotiation of definitive agreements for these arrangements, and, if applicable, securing the necessary financing for such developments. Accordingly, there is no assurance that the Company's participation in the IBA will result in increased biogas contracts or consequent revenues for the Company.

Build, Own and Operate Business Model

On January 28, 2020, the Company signed an agreement in principle with SWEN Capital Partners based in Paris, France to create a joint venture company (the "**JV Co**") to accelerate deployment of the Company's biogas upgrading systems by providing an innovative finance solution for customers in Europe using a build, own and operate model. The objective of the JV Co will be to combine the Company's market presence, technical expertise, customer contacts and industry experience with SWEN's financial backing as a leader in sustainable investments with more than €5 billion in assets under management (the "**Joint Venture**"). SWEN announced in July 2019 the first closing, at €62 million, of its SWEN Impact Fund for Transition ("**SWIFT**") funds, a direct investment infrastructure fund dedicated to renewable gases, and announced in December, 2019 the second closing, at €123 million. The JV Co will allow the Company's biogas upgrading systems to be owned and financed by the JV Co in which the Company will participate as a minority partner. It is envisioned that the Company will be responsible for the sales, construction, operation and maintenance of the biogas upgrading units and SWEN will be responsible for the financing of the projects using funds available from its SWIFT infrastructure funds. The creation of the JV Co is subject to the settling of final definitive joint venture agreements between the parties, a process that is expected to be concluded by the end of the second quarter of 2020.

The intended business model of the JV Co will be to enter into long-term contracts with various customers who have operations that generate raw biogas as a feed source using an "Upgrading-as-a-Service" or "UaaS" business model in exchange for a monthly fee. The JV Co will carry out its business through the incorporation of "special purpose vehicles" (each, a "**SPV**"), which will be individual companies owned by the JV Co that are incorporated for the specific purpose of owning one or more biogas upgrading systems and providing UaaS projects to the JV Co customers. The Company and SWEN believe that this UaaS business model will be of significant interest to customers in the European biogas market as it will offer both cost optimization and capital expenditure reductions in comparison to the alternative of the customer contracting with the Company to build a biogas upgrading facility at the customer's capital expense. The UaaS business model also enables the JV Co to provide an integrated solution that incorporates service, maintenance and potentially performance guarantees.

The JV Co is anticipated to be financed through a combination of (i) equity contributions, (ii) shareholder loans and (iii) third party debt. The Company anticipates that it will receive a carried minority interest in recognition of its market presence, technical expertise, customer contacts and industry experience that it will contribute to the JV Co, and accordingly will not be required to make any financial contribution for its initial equity position. SWEN will make financial contributions to the JV Company through a combination of an initial equity contribution and shareholder loans. The JV Co will seek third party debt financing for each SPV on a case-by-case basis. The Company will have a call option to purchase part of SWEN's shares in the JV Co at a pre-determined price in order for the Company to increase its equity position in the JV Co to a maximum of 50% share capital.

An overview of the structure of the contemplated ownership and contractual arrangements for the JV Co and the UaaS Projects is presented in the schematic below.

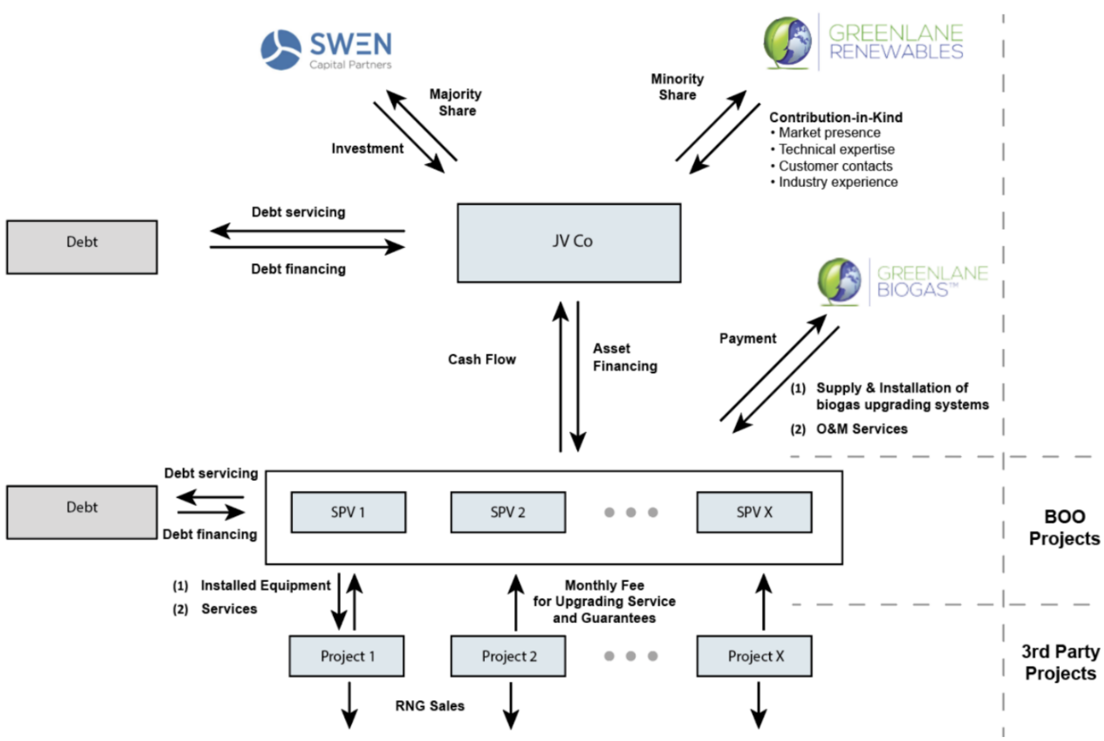

Figure 1: Structure of Contemplated Ownership and
Contractual Arrangements for JV Co and the UaaS Project

The current agreement in principle is non-binding except in respect of non-material terms and, accordingly, there can be no guarantees that a final definitive agreement will be reached. In addition, the success of the Joint Venture will be subject to significant risks, as discussed further below under "Risk Factors".

The Company is currently in negotiations with a potential partner to create a similar arrangement for the North American market.

Shelf Prospectus Offering

On February 19, 2020, Greenlane completed an underwritten shelf prospectus offering (the "**Offering**") of 23,000,000 units (the "**Units**"), including 3,000,000 Units issued pursuant to the underwriters' full exercise of their over-allotment option, at a price of $0.50 per Unit for gross proceeds of $11.5 million.

Each Unit was comprised of one common share of the Company and one-half of one common share purchase warrant (each full warrant, a "**Warrant**"). Each Warrant entitles the holder to purchase one additional Common Share at an exercise price of $0.70 per Common Share for a one-year period ending February 19, 2021. The Company also issued compensation options to the underwriters entitling them to purchase an aggregate of 1,380,000 Common Shares at a price of $0.50 per Common Share for a period of one year following closing.

Beacon acted as lead underwriter and sole bookrunner on behalf of itself and a syndicate of underwriters in connection with the Offering. The Offering was completed further to the underwriting agreement between the Company and the underwriters dated February 11, 2020.

After deducting commission and associated expenses, Greenlane used the net proceeds from the Offering in part for $3.4 million payment in principal to reduce the outstanding balance of the Promissory Note and a $0.2 million payment in interest to Pressure Technologies under the Promissory Note. The Company expects to use the remaining proceeds as follows (i) $3.5 million for investments in the Company's "build, own and operate" business model; and (ii) $3.3 million for general corporate purposes and working capital.

OVERVIEW OF BUSINESS

Greenlane is in the business of designing, developing, selling, supplying, installing and servicing a range of biogas upgrading systems using its patented water wash technology as well as other proven industrial technologies.

The renewable natural gas industry is rapidly emerging. Demand is coming from transportation and natural gas distribution, two particularly difficult to decarbonize sectors of the world's energy system. Governments and industry have made commitments to achieve aggressive reductions in greenhouse gas emissions and reliance on fossil fuels, such as those set out in the Paris Agreement reached in December 2015. High volumes of low-carbon alternative fuels, such as RNG, are needed to meet climate-change and air-quality goals. Based on the Company's calculations, the Company estimates that the current penetration of RNG in the North American natural gas distribution network is approximately 0.3%.

Greenlane is a provider of technology and operations know-how used to upgrade low-energy biogas, generated by the anaerobic decomposition of organic matter, into a clean and marketable RNG product suitable for vehicle use and pipeline injection, as illustrated in the figure below.

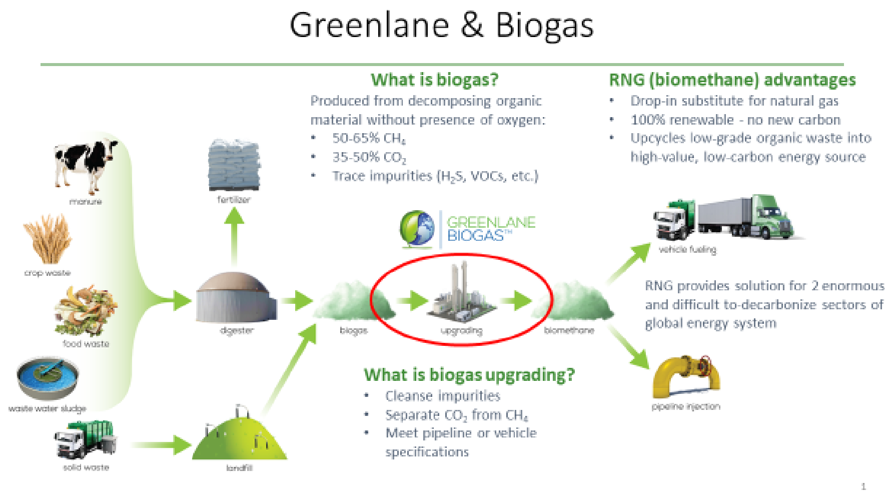

Figure 2: Illustration of Typical RNG Projects

The Company's biogas upgrading systems are marketed and sold under our Greenlane Biogas™ brand. The Company's systems produce clean, low-carbon renewable natural gas from organic waste sources including landfills, wastewater treatment plants, dairy farms, and food waste by removing impurities and separating carbon dioxide from biomethane in raw biogas to create clean RNG for pipeline injection, liquefaction, or direct use as a vehicle fuel.

Over 100 Greenlane Biogas™ branded systems have been delivered successfully in 18 countries worldwide including the first biogas upgrading system in 11 countries and the largest biogas upgrading facilities in North America and Europe. The Company manages the entire project life cycle from design and procurement through to on-site installation, commissioning and aftercare. The Company uses a capital light production model with a fully outsourced supply chain.

The Company has a mix of supplier contracts, some are for specific projects while others are standing supply, service or pricing agreements. In 2019, approximately 66% of the Greenlane Biogas Group's total project procurement was from suppliers located in North America and approximately 31% was from suppliers in Europe. Less than 3% was from suppliers in emerging market jurisdictions. In any given year, the split between North American and European suppliers shifts according to the Greenlane Biogas Group's sales split in those geographies.

Principal Products or Services

Product Range

Greenlane offers a broad range of complete biogas upgrading systems using one or more of three core gas separation technologies: water wash; pressure swing adsorption (PSA); or, membrane. The selection of separation technology, or combination of technologies, is made based on an optimized solution to meet the specific client requirements and specifications.

Greenlane's core water wash product range is based upon standard modular designs that can be tailored to each customer's unique requirements through careful specification and integration of related balance-of-plant equipment. Greenlane offers a range of water wash models with peak flow capacity ranging from

300 (Kanuka) to 5,000 (Kauri) normal cubic metres per hour (Nm3/hr). Greenlane is able to provide larger capacities by installing multiple systems in parallel. The full water wash product range by peak flow capacity of inlet raw biogas is as follows:

Figure 3: Greenlane water wash product range

Similarly, Greenlane's PSA and membrane based product designs are configured with maximum raw gas processing capacities of 500 to 2500 normal cubic meters per hour (Nm3/hr). Like water wash, multiple systems can be installed in parallel to provide larger processing capacities.

In conjunction with the core separation technologies, Greenlane specifies, procures and integrates additional balance-of-plant equipment that is required for the complete system. Functions performed by this equipment may include, but is not limited to gas compression, removal of impurities such as hydrogen sulfide, volatile organic compounds and siloxanes, oxygen generation, oxygen removal, gas analysis, compressed gas trailers for biomethane transport, and effluent gas treatment. Greenlane's value proposition is to provide the widest range of fully integrated "flange-to-flange" biogas upgrading systems that meet pipeline injection requirements for projects of all types and sizes.

Sales Pipeline and Back-log as at December 31, 2019

As at December 31, 2019, the Company's sales pipeline (known sales opportunities) was in excess of $680 million as compared to $660 million as at September 30, 2019 and $600 million as at June 30, 2019. The Company's sales pipeline is defined as qualified prospective projects that could convert into orders within approximately 24 months. Not all of these potential projects will proceed or proceed within the expected timeframe and not all of the projects that do proceed will be awarded to the Company. Nevertheless, over time, the Company believes that this number gives a reasonable metric of changes in market activity and anticipated growth of the industry.

As at December 31, 2019, the Company's sales order back-log for new biogas upgraders was estimated at $16.2 million as compared to $9.6 million as at September 30, 2019 and $7.8 million as at June 3, 2019, the date of completion of the Acquisition. The Company's order backlog refers to the balance of unrecognized revenue from contracted projects, where such revenue is recognized over time as completion of the projects progresses.

Additions to the amount in the sales pipeline come from situations where the Company provides a quote and reductions to the amount in the sales pipeline arise when the Company loses a quote or bid, the project owner decides not to proceed with the project or, where a quote in the pipeline is converted to the order book.

Management evaluates the Company's performance using a variety of non-IFRS measures, such as "sales pipeline" and "order backlog". These non-IFRS measures should not be considered as an alternative to or more meaningful than revenue or net loss. These measures do not have a standardized meaning prescribed by IFRS and therefore they may not be comparable to similarly titled measures presented by other publicly traded companies and should not be construed as an alternative to other financial measures determined in accordance with IFRS. The Company believes these non-IFRS financial measures provide useful information to both management and investors in measuring the financial performance and financial condition of the Company.

The Company's sales pipeline and sales order back-log estimates should be viewed with reference to the risk factors described below under "Risk Factors – Sales Pipeline and Order Backlog".

Marketing

Greenlane markets and sells its products and services through its internal direct sales engineers and channel partners such as digester manufacturers, engineering, procurement and construction companies and project developers. An important marketing and sales platform for Greenlane is conferences and expositions where it presents industry insights and product information to attract existing and new customers. Greenlane has several repeat customers who provide positive references.

Revenue

The following table sets out revenues for each category of products and services accounting for 15% of total revenue from sales to customers:

Product or Service	**Revenue for Year ended December 31, 2019(2)**
Sales from Upgrader Projects	$6,969,000
Aftercare Services(1)	$2,154,000

Notes

(1) Many of Greenlane's upgrader project customers commit to "aftercare services", a preventative maintenance contract for terms ranging from one to 20 years for a fixed annual fee. These contracts provide technical support and remote monitoring to maintain system availability typically in excess of 95%.

(2) Figures based on operating results of Greenlane from June 3, 2019, upon completion of the Qualifying Transaction, to December 31, 2019.

Specialized Skills and Knowledge

Various aspects of the business of the Company require specialized skills and knowledge in the areas of international business, engineering, and environmental and corporate social responsibility. The Company has adequate employees with extensive experience in these specialized areas to support the conduct of its business.

Employees

As of April 28, 2020, Greenlane had 40 employees, of which 29 are in Canada, 7 are in the UK, 2 are in France, 1 is in the USA and 1 is in Germany.

They are split between:

- Key Management: 3
- Sales: 6
- Project Development: 2
- Engineering (Technology) and Product Management: 8
- Purchasing, Project Management & QHSE (quality, health, safety & environment): 5
- Global Aftermarket and Field Service Operations: 8
- Legal: 1
- Finance and IT: 4
- Human Resources and Administration: 3

Competitive Conditions

Greenlane faces competition within its target markets mainly from other manufacturers of natural gas and biogas purification and filtration equipment. This market has not been subject to considerable consolidation, unlike other industrial or renewable industries. As a result, most competitors of Greenlane are small to medium companies working in small segments of the natural gas and biogas business. The most widely deployed technology has been water wash. The table below compares Greenlane against its main competitors:[2]

Competitor	Technology	Primary Place of Operation	Installed Capacity Nm^3/hr
Greenlane	Water wash	Canada	115,355
Malmberg	Water wash	Sweden	111,315
Air Liquide	Membrane	France	101,406
Carbotech	PSA	Germany	73,700
Puregas	Chemical Scrubbing	Sweden	48,000
Xebec	PSA	Canada	35,550

Intangible Property

The identifiable intangible assets that have been developed over time are a critical part of the business operations and have positioned Greenlane to be a leader in the biogas upgrading industry. These intangible assets include biogas upgrader product designs, operations know-how, licences, patents and

[2] Source: October 2018 "RNG/Biomethane Market intelligence Report: North America and Europe" by Biogas World Media Inc."

trademarks. The assets in relation to the specific product designs do not have a specific duration, however the Company undertakes a continuous cycle of review and improvement for existing technologies and has a proven track record with the introduction of the Kauri model for further developing the intellectual property to meet the needs of the market and enhance the value of the business.

To maintain its competitive advantage, the Company holds a number of patents in respect of its water wash technology and trademarks. The Company has two patent registrations: one registered in seven territories (Germany, France, United Kingdom, Italy, Netherlands, New Zealand and Sweden); and the other registered in the aforementioned territories and additionally in South Africa. The Company has 28 trademark registrations across Canada, the United States, the United Kingdom, Europe, China, New Zealand, Australia and Brazil. The trademarks relate to current logos and names, and those of former brands and names under which the Greenlane Biogas Group has operated.

Foreign Operations

Greenlane is headquartered in the Metro Vancouver region of British Columbia, Canada. The Company also has an office in Sheffield, England and additional sales and service personnel in the United States, Germany and France. The Company also has sales denominated in the currencies of the various countries in which it operates, but incurs the majority of its operating expenses in Canadian dollars. As such, Greenlane's operations are exposed to various levels of foreign political, economic and other risks and uncertainties. See "Risk Factors".

Biogas Upgrading Contracts - Updates

In June 2019, the Company entered into a $3.4 million contract to provide its water-wash technology solution to a municipal wastewater treatment facility in the Metro Vancouver region of British Columbia. The facility will produce clean RNG for injection into the gas distribution network owned and operated by FortisBC, the local gas utility.

In July 2019, the Company announced it had secured a $2.7 million contract with the Metropolitan Waste Management Commission, to provide a pressure swing adsorption solution for the wastewater treatment facility that serves the Eugene – Springfield metropolitan area in Lane County, Oregon in the United States. The facility is expected to produce approximately 120,000 gigajoules (GJ) (or 114,000 million British Thermal Units (MMBTU)) annually of clean renewable natural gas for injection into the gas distribution network owned and operated by NW Natural, the local gas utility.

On December 27, 2019, the Company entered into an $8.3 million biogas upgrading contract with a customer in California. Preliminary engineering work has been completed on the California-based landfill project. Order fulfillment will begin immediately upon completion of permitting and approval of submittals by the customer, expected by mid-2020, with delivery expected to occur within six months of commencement. The facility is expected to process 1,600 standard cubic feet per minute of landfill gas to produce approximately 97% pure biomethane, or approximately 380,000 GJ (or 360,000 MMBTU) annually, of clean RNG for direct injection into the local gas distribution network owned and operated by SoCalGas, the largest natural gas utility in the United States. In addition, the residual off-gas, a byproduct of the biogas upgrading process, will be blended with natural gas to generate power for on-site facilities and processes. To date, there are no projects upgrading landfill gas into RNG for injection into SoCalGas' network.

Subsequent to year-end, on February 6, 2020, the Company announced that it had entered into a $7.0 million biogas upgrading contract with Renewable Natural Gas Company of Ligonier, Pennsylvania ("**RNGC**"). Under the contract, the Company will supply RNGC with three biogas upgrading systems, each of which use the Company's water wash technology, for landfill applications in Virginia and Missouri. Work under the contract will commence upon receipt of a notice to proceed from RNGC, and RNGC's financing approval, which is expected in the second quarter.

Environmental Protection

The Company's operations are subject to environmental protection laws and regulations. Greenlane has developed and implemented an ISO 14001 Environmental Management System to ensure that our operations are in compliance with applicable laws and standards and to address any instances of non-compliance. The Company continually monitors environmental laws and regulations to further ensure its activities meet these requirements. The Company has incurred, and will continue to incur, capital expenditures and operating costs to comply with environmental laws and regulations, which are not expected to have material financial or operational effects on the Company or its competitive position. The Company has no known environmental liability associated with sites or regulatory non-compliance.

Components

Greenlane manages the entire project life cycle from design procurement through to on-site installation, commission and aftercare. Greenlane uses a capital light production model with a fully outsourced supply chain. Greenlane outsources the manufacturing process to trusted regional fabricators that follow Greenlane's quality standard protocol while its in-house engineers monitor the production process. Once production is complete, Greenlane oversees the installation process on site at each customer location, performs final commissioning and provides operator training to familiarize the customer's staff with the new equipment. Post installation, Greenlane provides maintenance, support and aftercare service including 24/7 technical support and remote monitoring as well as maintenance and spare parts.

The COVID-19 pandemic and the associated government imposed lockdowns has had the impact of delaying the supply of a small number of components required by Greenlane to fulfil contracts. To date none of Greenlane's suppliers have entered into bankruptcy due to COVID-19. Greenlane's purchasing plan identifies alternative sources of supply for major component suppliers and product fabricators that are essential to Greenlane's business operation.

Operating Cycles

The Company's revenues are largely derived from a relatively small number of large biogas upgrader orders accounted for on a stage of completion basis over typically a nine to eighteen month period. Timing of new contract awards varies due to customer-related factors such as finalizing technical specifications and securing project funding, permits and RNG off-take and feedstock agreements. Some projects have pause periods to allow customers to complete concurrent activities such as site infrastructure work. As a result, the Company's revenue varies from month to month and quarter to quarter.

Business Objectives and Milestones

The main business objectives of the Company are as follows:

- entering into a strategic alliance that would enable the Company to expand the Greenlane Biogas™ business to include a build, own and operate RNG business model;

- undertaking improvements to the current biogas upgrading business; and

- increasing the size and throughput of its sales pipeline.

These business objectives were generally outlined in the Company's February 11, 2020 Prospectus Supplement. As outlined below, these initiatives are viewed by the Company as being continuous improvement objectives that will be funded on an ongoing basis through cash generated from operations and available working capital.

Business Objective Update – Launch, build, own and operate RNG business

The Company announced plans in 2019 to expand its business to increase exposure to attractive RNG offtake contracts by engaging in the development, building, owning and operating of organic waste to RNG projects, with the objective of creating opportunities for new recurring revenue and profits. The Company's plans for achieving this business expansion objective involves working with existing and new channel partners to build its business by forming strategic alliances with key partners such as major gas utilities and/or green infrastructure funds, primarily in North America and Europe, as well as other industry players who collectively provide the necessary elements of any complete organic waste to RNG project.

In December 2019, the Company announced that it had become a founding member of the IBA together with other internationally recognized technology companies who can, on a non-exclusive basis, provide a unique, fully integrated organic waste to RNG platform solution. The Company's proposed Joint Venture with SWEN represents the initial step in bringing significant infrastructure investment capital in the expansion of the Company's business into the build, own and operate area by allowing customers the opportunity to replace the initial capital outlay for an upgrader facility for a monthly fee, with ownership, operations and maintenance of the upgrading facility remaining with the Joint Venture partners, through which Greenlane will provide services. The Company will continue to pursue opportunities in North America and elsewhere, to partner to build, own and operate organic waste to RNG projects.

The Company's incremental spending in the area of development, building, owning and operating organic waste to RNG projects is anticipated to include the following over the next 12 to 18 months:

- negotiating and entering into both the definitive Joint Venture agreement with SWEN and any other joint venture party, as necessary,

- potential equity contributions or earn-ins for joint ventures;

- provision of third party professional services to build, own and operate projects, and

- potential direct investment by the Company in the development of select build, own and operate projects.

The amounts to be invested by the Company in pursuing these objectives will be dependent upon a number of factors, including (i) the progress made by JV Co in securing its initial projects, (ii) the ability of the Company to enter into a strategic alliance for the North American market, (iii) the ability of the

Company to identify and secure any independent build, own and operate biogas upgrading projects, and (iv) the capital available to the Company to invest in these projects. The Company anticipates a minimum of $1.0 million in incremental operating expenditures being attributable to this objective over the next 12 to 18 months, without provision of any equity contributions or earn-ins, or any direct investment in projects. If equity contributions or earn-ins and direct investments in new projects are required, the Company anticipates up to $3.5 million in incremental operating and capital expenditures being spent on these initiatives over the next 12 to 18 months. To the extent any projects proceed during this timeframe, the Company will earn revenues from the supply of the equipment required for the biogas upgrading facility and ongoing operations and maintenance contracts.

The initial milestone associated with this objective is the completion of the definitive joint venture agreements with SWEN for the establishment of JV Co, which is targeted for completion by the end of the second quarter of 2020. Upon formation of JV Co, it is anticipated that JV Co will progress towards identification of the first joint venture project and the execution of definitive agreements that will be necessary for this initial project to proceed. Execution of project agreements is targeted for 2020, but timing will depend on the success of JV Co in identifying and securing its initial project. Concurrent with these efforts, the Company plans to enter into a strategic alliance during 2020 with a partner to bring infrastructure investment capital to RNG projects in North America, but timing will be dependent upon the Company being able to identify and conclude negotiations with a strategic partner. The Company will also continue throughout 2020 with efforts to identify and proceed with the completion of the first independent build, own and operate project in which the Company will participate. Commencement is targeted by the end of 2020, with completion in 2021, but the achievement of this milestone within this time frame is subject to the Company securing a project that the Company believes will be economic and in line with its strategic plan. All of the above milestones are subject to risks, including risks associated with the identification of strategic partners and customers, the negotiation of agreements with the Company’s strategic partners and customers, and the financing and permitting of projects. Accordingly, the milestones outlined above will be subject to change as the Company’s business plans evolve and may not be achieved within the timeframes indicated above.

Business Objective Update – Improvements to current biogas upgrading business

The Company plans to continue to rationalize its product line and standardize its product offerings, thereby enhancing customer economics by product type, with the objectives of increasing both revenues and gross margins. During 2019, the Company hired four additional full time engineers to add to its current engineering group and to work with third party consultants to redesign and modify its existing product line. Moving forward, the Company plans to build on the work performed in 2019, to institute cost controls and supply chain improvements, to further enhance gross margins and to maintain competitive advantage in securing contracts.

Business Objective Update – Increase the size and throughput of sales pipeline

The Company plans to continue to increase the size and throughput of its sales pipeline primarily by: (i) strengthening its position as the only technology agnostic biogas upgrading supplier, (ii) increasing sales and marketing activities, and (iii) offering more competitive payment terms to customers through more attractive phasing of milestone payments. The SR Financing provided funds to enable the Company to strengthen its technology offering through further investment in its water wash intellectual property and enhancement of its pressure swing absorption and membrane product offerings. This work on the Company’s technology offerings is ongoing. Planned sales and marketing activities include an ongoing marketing campaign to support active participation in targeted industry associations and events and strategic pursuit of new jurisdictions and markets. Any incremental operating costs associated with these activities, including the impact of a decision to provide more attractive payment terms to customers to increase competitiveness and market share, will be funded through ongoing cash from operations and available working capital.

In addition, as part of the Company's objective to increase sales, the Company has obtained a surety bond and plans to pursue access to a more extensive bonding facility, or alternatively, a line of credit that it could draw on to provide more flexible payment terms to suppliers. The Company commenced work to expand its credit arrangements in the second half of 2019 and has targeted the first half of 2020 to complete this initiative.

RISK FACTORS

The following are certain factors relating to the Company's business which prospective investors should carefully consider before deciding whether to purchase Common Shares in the Company's authorized capital. The following information is a summary only of certain risk factors and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this AIF. These risks and uncertainties are not the only ones the Company is facing. Additional risks and uncertainties not presently known to us, or that we currently deem immaterial, may also impair our operations. If any such risks actually occur, the business, financial condition, liquidity and results of our operations could be materially adversely affected.

Risks Relating to the Business of the Company

The COVID-19 outbreak and its effect on the Company's business

In December 2019, a strain of novel coronavirus (now commonly known as COVID-19) ("**COVID-19**") was reported to have surfaced in Wuhan, China. COVID-19 has since spread rapidly throughout many countries, and, on March 11, 2020, the World Health Organization declared COVID-19 to be a pandemic. In an effort to contain and mitigate the spread of COVID-19, many countries including, Canada, have imposed unprecedented restrictions on travel, and there have been business closures and a substantial reduction in economic activity in countries that have had significant outbreaks of COVID-19. The Company's business may be impacted by the recent COVID-19 outbreak, with a result that it may not be able to complete on its current biogas upgrading contracts within the anticipated timeframe, with the further result that the Company's recording of revenues from these contracts may be deferred to later fiscal reporting periods. Specifically, disruptions in the Company's supply chain, including disruptions from the Company's suppliers, as a result of industry closures relating to containment of COVID-19 may result in the declaration by the Company's suppliers of force majeure, which may result in the Company's inability to complete projects in accordance with the agreed project schedule. In addition, the Company's customers may determine to delay their decisions in connection with new projects as they assess the impact of COVID-19 on their businesses.

It is currently not possible to predict how long the pandemic will last or the time that it will take for economic activity to return to prior levels. The COVID-19 pandemic has resulted in significant financial market volatility and uncertainty in recent weeks. A continuation or worsening of the levels of market disruption and volatility seen in the recent past could have an adverse effect on the Company's ability to access capital, business, results of operations and financial condition, and on the market price of the

Common Shares. The extent of this potential disruption on the Company's business cannot be assessed as the full extent of the outbreak and its impact on the global economy cannot be predicted.

The Company's markets are exposed to recessionary risk

A Canadian or global recession may result in lost or delayed sales orders, as many of the Company's existing and targeted customers may cut back their proposed capital spending in the face of economic uncertainty and limited access to project financing. This would impact the ability of the Company to grow its business and, as a result, sales orders may be lower than expected. Any decrease in sales would negatively impact the Company's cash flows and other financial results. Different biogas upgrading markets and different geographies may be impacted to different extents, making it difficult to forecast the likely impact.

The Company's biogas upgrading systems may fail performance expectations

The performance of the Company's biogas upgrading systems may encounter problems due to the failure of its technology, the failure of the technology of others, the failure to combine these technologies properly, operator error or the failure to maintain and service the systems properly. Many of these potential problems and delays are beyond the Company's control. In addition, poor performance may involve delays in project installations and modifications to the biogas upgrading systems, as well as third party involvement. Any problem or perceived problem with the biogas upgrading systems, whether originating from its technology, design, or from third parties, could hurt the Company's reputation and the reputation of its products and limit its sales. In addition, the Company may be required to offer customers services, products or compensation if the failure of a system to perform results in a claim under the warranties offered by the Company.

Unexpected disruptions affecting project developments and operations

Manufacturing and installing the Company's products can sometimes be subject to delays for a variety of reasons, including labour slowdowns, technological malfunctions, defective materials, or workplace safety. Such delays may discourage clients from continuing doing business with the Company and may hurt its reputation with prospective clients. The Company may lose a significant amount of sales and may not be able to replace those sales at an acceptable margin or at all. Although the Company has detailed procedures in place for managing unexpected delays, there can be no assurance that such delays will be overcome in a timely manner and to the satisfaction of the client. Furthermore, the Company enters into agreements which, consistent with industry standards, may include termination provisions which may allow counterparties to terminate and not proceed with proposed projects. There is a risk that biogas upgrading and other contracts which the Company enters into may be terminated prior to completion.

Revenues are largely derived from a relatively small number of large biogas upgrader orders

The Company's revenues are largely derived from a relatively small number of large biogas upgrader orders accounted for on a stage of completion basis over typically a 9 to 18 month period. Timing of new contract awards varies due to customer-related factors such as finalizing technical specifications and securing project funding, permits and RNG offtake and feedstock agreements. Some projects have pause periods to allow customers to complete concurrent activities such as site infrastructure work. As a result, the Company's revenue varies from quarter to quarter and these variations may result in the Company's quarterly revenues not being as anticipated or as reflected in the Company's guidance, if any. The loss of, or a reduction in, purchase orders or anticipated purchase orders from these customers could have a material adverse effect on the Company's business, financial condition and results of operations. Additionally, if one of the Company's customers is unable to meet its commitments to the Company, the Company's business, financial condition and results of operations could be adversely affected.

There is no guarantee the Company's sales pipeline will convert into orders and order backlog will convert into orders or revenue without being deferred into future financial periods

The Company's estimates of qualified prospective projects that could convert into orders within approximately 24 months, which is referred to as the Company's sales pipeline, are estimates only and should be evaluated by investors in this context. These estimates represent management's expectations as to the amount or the number of contracts to be signed and are estimates only as to the possible prospective market. There can be no assurance that management's expectations are an accurate assessment of the potential market or that these potential projects will proceed or proceed within the expected timeframe. In addition, it is anticipated that the Company will be successful in securing only a portion of the available projects that are judged to be within the Company's potential sales pipeline. Specifically, it is anticipated that not all of these sales opportunities will be available to the Company, that the Company may determine not to pursue these opportunities or, if pursued, that these opportunities may not result in biogas upgrading contracts being awarded to Greenlane.

The Company's estimates of sales order backlogs are subject to normal commercial risks which include, without limitation, the ability of the Company's customers to secure required financing or permitting approvals and the ability of the Company's suppliers in its supply chain to deliver on time and on specification. Delays in completion of projects representing the Company's sales order backlog may result in revenues from these contracts being deferred to future financial periods.

The SWEN joint venture may not proceed as planned

There is no assurance that the Company's execution of an agreement in principle with SWEN will lead to the formation of the contemplated Joint Venture or the creation of the contemplated joint venture company. Formation of the Joint Venture will be subject to negotiation and execution of definitive agreements, and there is no assurance these agreements will be concluded. Even if the Joint Venture is formed as anticipated, there is no assurance that the business objectives of the Joint Venture will be met or that the Joint Venture will be successful in developing RNG projects. Furthermore, the combination of the Company's expertise and SWEN's financial resources may not be as contemplated or successful and the intent of the parties for the Joint Venture may change or may not be as expected. While the intent of the Joint Venture is to unlock new opportunities for RNG project developments, there is no assurance that the Joint Venture will be able to secure these opportunities. Accordingly, there is no assurance that the formation of the Joint Venture will result in the acceleration of the deployment of the Company's biogas upgrading systems. In addition, participation in RNG project developments through the Joint Venture will be subject to a number of risks, including (i) the ability of the Company and SWEN to agree to advance and bid on projects through the Joint Venture, (ii) the competitiveness of the proposals put forward by the Joint Venture in comparison to competing bids, (iii) the ability of the Joint Venture to successfully negotiate definitive agreements for any project developments, and (iv) the ability of the Joint Venture to secure financing for any project developments. Additionally, the Company's participation in the Joint Venture is anticipated to be as a minority equity partner which may result in the Company not having control over decisions made by the Joint Venture. In view of the above risks, there is no assurance that the Joint Venture will result in increased revenues or profits to the Company.

Failure to secure additional financing

There can be no assurance that the Company will be able to raise the additional funding that it needs to carry out its business objectives and to complete the planned expansion of its business into the development of RNG projects. The development of the Company's business depends upon its ability to generate cash flow from operations, prevailing market conditions for biogas upgrading and for RNG pricing, its business performance and its ability to obtain financing through debt financing, equity financing or other means. There is no assurance that the Company will be successful in obtaining the financing it requires as and when needed or at all in order to complete the planned expansion of its business. If additional financing is raised by the issuance of shares from treasury, shareholders may suffer additional dilution.

The Company's negative cash flow from operations

The Company had negative cash flow from operating activities for the year ended December 31, 2019. The Company cannot guarantee if it will have positive cash flow from operating activities in future periods. The Company cannot provide any assurance that it will achieve sufficient revenues from sales to achieve or maintain profitability or positive cash flow from operating activities. If the Company does not achieve or maintain profitability or positive cash flow from operating activities, then there could be a material adverse effect on the Company's business, financial condition and results of operation and the Company may need to deploy a portion of its working capital to fund such negative operating cash flows or seek additional sources of funding, of which there is no assurance that any required funding will be obtained.

In the event that contract awards do not materialize or are delayed and cash flow from operations does not adequately support the fixed costs of the Company, the Company will then be required to re-evaluate its planned expenditures, reallocate its total resources and may require future financings in such a manner as the Board of Directors and management deem to be in the Company's best interest. This may result in a substantial reduction of the scope of the Company's existing and planned operations. The presence of these conditions may indicate the existence of a material uncertainty that may cast significant doubt regarding the Company's ability to continue as a going concern. Failure of potential projects to translate into purchase orders for the Company may also adversely affect the Company's business, financial condition and results of operations and the price of its Common Shares.

Fluctuations in operating results and cash flow

The Company's operating results and cash flow can fluctuate substantially from quarter to quarter and periodically as a result of the timing of recognition of revenues from contracted projects. Timing of new contract awards varies due to customer-related factors such as finalizing technical specifications and securing project funding, permits and RNG offtake and feedstock agreements. Some projects have pause periods to allow customers to complete concurrent activities such as site infrastructure work. The Company recognizes revenue, costs and profits over the period of the contract by reference to the stage of completion of the contract. The stage of completion of a contract is determined by internal estimates, with reference to the proportion of costs incurred and the proportion of work performed. Revenue is recognized in proportion to the total revenue expected on the contract. Such estimates may differ from actual results. Accordingly, the inherent uncertainty in these estimates could cause the Company's revenue assumptions to be inaccurate.

Global economic risks

Financial and securities markets are influenced by the economic and market conditions in other countries. Although economic conditions in these countries may differ significantly from economic conditions in countries in which the Company operates, investors' reactions to developments in these other countries, such as the recent developments in the global financial markets, may substantially affect capital inflows into many economies, and the market value of securities of issuers with operations in such countries.

An economic downturn or volatility could have a material adverse effect on the Company's business, financial condition and results of operations. A weakening of economic conditions could lead to reductions in demand for the Company's products. For example, its revenues can be adversely affected by high unemployment and other economic factors. Further, weakened economic conditions or a recession could reduce the amount of income customers are able to spend on the Company's products. In addition, as a result of volatile or uncertain economic conditions, the Company may experience the negative effects of increased financial pressures on its clients. For instance, the Company's business, financial condition and results of operations could be negatively impacted by increased competitive pricing pressure, which could result in the Company incurring increased bad debt expense. If the Company is not able to timely and appropriately adapt to changes resulting from a weak economic environment, its business, results of operations and financial condition may be materially and adversely affected.

Indebtedness

As a result of the Acquisition, the Company has significant consolidated indebtedness which is comprised of the indebtedness to Pressure Technologies under the Promissory Note. As a result of this indebtedness, the Company will be required to use its cash flow to pay the principal and interest on its debt when the Promissory Note becomes due in June of 2023, which limits the cash flow available for other business opportunities.

The Company's indebtedness could have important consequences to the Company and the value of the Common Shares, including:

- limiting the Company's ability to borrow additional amounts for working capital, capital expenditures, debt service requirements, execution of the Company's growth strategy or other purposes;

- limiting the Company's ability to use operating cash flow in other areas of the business because a portion of these funds must be allocated to service the debt;

- increasing the Company's vulnerability to general adverse economic and industry conditions;

- limiting the Company's ability to capitalize on business opportunities and to react to competitive pressures and adverse changes in government regulation; and

- limiting the Company's ability or increasing the costs to refinance indebtedness.

Given the covenants imposed under the indebtedness and the restrictions on incurring additional debt under the Promissory Note, the Company may be significantly limited in its operating and financial flexibility, limited in its ability to respond to changes in its business or competitive activities and may be restricted in its ability to engage in mergers, acquisitions or dispositions of assets. A failure to comply with covenants under the Promissory Note, would likely result in an event of default under the Promissory Note and would allow Pressure Technologies to accelerate the debt under the Promissory Note. If the debt is accelerated, the Company's assets may not be sufficient to repay such debt in full.

Under the Promissory Note, Greenlane is permitted to enter into any credit facility, line of credit, finance lease or other debt financing arrangement provided by a Schedule I or Schedule II bank in Canada or EDC in favour of any Obligor arranged to finance the ordinary course of business operations of the Obligors, provided that the aggregate of the principal amounts outstanding at any one time under such debt financing will not exceed $2,500,000. This limit on debt financings does not include performance bonds, surety bonds, letters of credit and other financial instruments entered into by any of the Obligors in order to secure the performance by an Obligor of its obligations under any equipment sales and projects undertaken by the Obligor in the ordinary course of business.

Ability to continue on a going concern basis

The Company incurred an operating loss of $2.7 million and had operating cash outflow of $2.8 million for the year ended December 31, 2019. The Company's ability to continue as a going concern is dependent upon its ability to continue to secure upgrader contracts to realize profitable operations in the future. Contract awards are dependent on customer-related factors such as specifying system design, securing project funding and permitting, and government-related factors such as the availability of environmental subsidies. There can be no assurance that management will be successful in securing these upgrader contracts. Consequently, the timing of contract awards can be delayed longer than expected. In the event that upgrader contract awards are not secured or delayed and as a result, cash flow from operations does not adequately support the fixed costs of the Company, the Company may then be required to re-evaluate its planned expenditures and may require future financings in such a manner as the Board of Directors and management deem to be in the Company's best interest. This may result in a substantial reduction of the scope of existing and planned operations. These conditions indicate the existence of a material uncertainty that may cast significant doubt regarding the Company's ability to continue as a going concern. If the Company is unable to improve its liquidity position through increased cash flows from operations or additional financings, the Company may not be able to continue as a going concern.

Reliance on permits and authorizations and delays in receiving such permits and authorizations

Certain contemplated capital expenditures and installations of biogas upgrading systems may require either the Company or its clients to seek approval of appropriate regulatory authorities. There is no guarantee that regulatory authorities will approve any contemplated installation, or expansion and/or renovation, which could adversely affect the business, financial condition and results of the Company's operations.

Should the authorities fail to issue the necessary permits or authorizations to the Company's clients, the Company may be curtailed or prohibited from proceeding with the installation of its biogas upgrading systems as currently proposed and the business, financial condition and results operations of the Company may be materially adversely affected.

Potential reduction in demand for renewable energy

If a significant number of adoptees of the Company's biogas upgrading systems do not achieve commercially feasible results in conjunction with using the Company's products, the market for the

Company's biogas upgrading systems will not grow in the way the Company anticipates. Sales of the Company's products and services largely depend upon the increased use and widespread adoption and demand of renewable natural gas. The timeline for when such widespread adoption will take place is uncertain, and may necessitate the Company to markedly change its financial projections.

Product liability claims

The Company's results of operations could be materially harmed by accidents involving either its products or those of other manufacturers, either because the Company faces claims for damages or because demand for its products could suffer and its sales could decline. As a developer and supplier of industrial systems, the Company faces an inherent business risk of exposure to product liability claims in the event that its products, or the equipment into which its products are incorporated, malfunction and result in personal injury or death. The Company may be named in product liability claims even if there is no evidence that its systems or components caused the accidents. Product liability claims could result in significant losses as a result of expenses incurred in defending claims or the award of damages. Any accidents involving the Company's systems or other companies' biogas upgrading products, could materially impede further acceptance of the Company's products.

Compliance with environmental legislation

Environmental legislation imposes, among other things, restrictions, liabilities and obligations in connection with the generation, handling, storage, transportation, treatment and disposal of hazardous substances and waste and in connection with spills, releases and emissions of various substances and gases to the environment. In addition, certain types of operations, including biogas installation projects and significant changes to certain existing projects, may require the submission and approval of environmental impact assessments. Compliance with environmental legislation can require significant expenditures and failure to comply with environmental legislation may result in the imposition of fines and penalties and liability for cleanup costs and damages. Changes in environmental legislation may require, among other things, reductions in emissions to the air from the Company's existing and target customers' operations and result in increased capital expenditures. Future changes in environmental legislation could occur and result in stricter standards and enforcement, fines and liability, and increased capital expenditures and operating costs, which could have a material adverse effect on certain of the Company's existing and target customers' ability to purchase the Company's products.

Regulatory risks, including changes to national and local legislation

Renewable energy and renewable natural gas regulations are dynamic and subject to evolving interpretations which could require the Company 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 the Company's businesses. The Company cannot predict the nature of any future laws, regulations, interpretations or applications towards renewable energy policies, nor can it determine what effect additional governmental regulations or administrative policies and procedures, when and if promulgated, could have on the Company's business. Compliance with any such legislation may have a material adverse effect on the Company's business, financial condition, and results of operations. For example, regulatory approvals or permits may be required for the design, installation and operation of biogas upgrading systems under federal, provincial and municipal regulations governing renewable natural gas. To the extent that there are delays in gaining regulatory approval, the Company's development and growth may be constrained.

Management expects that the legislative and regulatory environment in the renewable energy industry globally will continue to positively develop but still be dynamic for the foreseeable future. The Company's business may suffer if environmental policies change and no longer encourage the development and growth of renewable based technologies. In addition, if current laws and regulations in jurisdictions internationally are not kept in force or if further environmental laws and regulations are not adopted in these jurisdictions as well as in other jurisdictions, demand for biogas upgrading systems and renewable natural gas may diminish. Public opinion can also exert a significant influence over the regulation of the renewable energy industry. A negative shift in the public's perception of the feasibility of biogas upgrading technology or renewable natural gas could affect future legislation or regulations in jurisdictions around the world.

Management of growth

In order to manage growth and changes in strategy effectively, the Company must: (a) maintain adequate systems to meet customer demand; (b) expand sales and marketing, distribution capabilities, engineering and administrative functions; (c) expand the skills and capabilities of its current management team; and (d) attract and retain qualified employees. While it intends to focus on managing its costs and expenses over the long term, the Company 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.

Retention and acquisition of skilled personnel

The loss of any member of the Company's management team could have a material adverse effect on its business and results of operations. In addition, an inability to hire, or the increased costs of new personnel, including members of executive management, could have a material adverse effect on the Company's business and operating results. At present and for the near future, the Company will depend upon a relatively small number of employees to develop, market, sell and support its products. The expansion of marketing and sales of its products will require the Company to find, hire and retain additional capable employees who can understand, explain, market and sell its products. There is intense competition for capable personnel in all of these areas and the Company may not be successful in attracting, training, integrating, motivating, or retaining new personnel, vendors, or subcontractors for these required functions. New employees often require significant training and, in many cases, take significant time before they achieve full productivity. As a result, the Company may incur significant costs to attract and retain employees, including significant expenditures related to salaries and benefits and compensation expenses related to equity awards, and may lose new employees to its competitors or other companies before it realizes the benefit of its investment in recruiting and training them. In addition, as the Company moves into new jurisdictions, it will need to attract and recruit skilled employees in those areas.

Legal and regulatory proceedings

From time to time, the Company 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. The Company will evaluate its exposure to these legal and regulatory proceedings and establish reserves for the estimated liabilities in accordance with generally accepted accounting principles. Assessing and predicting the outcome of these matters involves substantial uncertainties. In addition, the Company operates all over the world, and therefore is subject to the jurisdiction of disparate countries. Consequently, certain activities conducted by the Company may be 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. Such potential proceedings could involve substantial litigation expense, penalties, fines, seizure of assets, injunctions or other restrictions being imposed upon the Company or its business partners, while diverting the attention of key executives. 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 the Company's financial results.

Economic and political developments surrounding the United Kingdom leaving the European Union

The United Kingdom leaving the European Union and the uncertainty around the terms of the exit leaves much uncertainty with respect to the Company's operations, financial accounting, and governing regulatory procedures with respect to its assets and operations in the United Kingdom. The Company may incur added costs in the future ensuring it is fully compliant with the new regulatory regimes governing the relationships of the United Kingdom with other countries, and this could negatively impact the Company's financial conditions and future projects in the region.

Dependence on intellectual property

The Company depends on its intellectual property and its failure to protect its intellectual property could adversely affect its future growth and success.

Failure to protect the Company's existing and future intellectual property rights could seriously harm its business and prospects and may result in the loss of its ability to exclude others from practicing the Company's technology or the Company's own right to practice its own technologies. If the Company does not adequately ensure its freedom to use certain technology, it may have to pay others for rights to use its own intellectual property, pay damages for infringement or misappropriation and/or be enjoined from using such intellectual property. The Company's patents do not guarantee it the right to practice its technologies if other parties own intellectual property rights that it needs in order to practice such technologies. The Company's patent position is subject to complex factual and legal issues that may give rise to uncertainty as to the validity, scope and enforceability of a particular patent. As is the case in many other industries, the web of intellectual property ownership in the Company's industry is complicated and, in some cases, it is difficult to define with precision where one property begins and another ends. In any case, there can be no assurance that:

- any of the rights the Company has under patents owned by it or other patents that third parties license to it will not be curtailed, for example, through invalidation, circumvention, challenge, being rendered unenforceable or by license to others;

- the Company was the first inventor of inventions covered by its issued patents or pending applications or that the Company was the first to file patent applications for such inventions;

- any of the Company's pending or future patent applications will be issued with the breadth of claim coverage sought by it, or be issued at all;

- the Company's competitors will not independently develop or patent technologies that are substantially equivalent or superior to its technologies;
- any of the Company's trade secrets will not be learned independently by its competitors; or
- the steps the Company takes to protect its intellectual property will be adequate. In addition, effective patent, trademark, copyright and trade secret protection may be unavailable, limited or not applied for in certain foreign countries.

The Company also seeks to protect its proprietary intellectual property, including intellectual property that may not be patented or patentable, in part by confidentiality agreements and, if applicable, inventors' rights agreements with its strategic partners and employees. There can be no assurance that these agreements will not be breached, that the Company will have adequate remedies for any breach or that such persons or institutions will not assert rights to intellectual property arising out of these relationships.

Certain intellectual property has been licensed to the Company from third parties who may also license such intellectual property to others, including the Company's competitors. If necessary or desirable, the Company may seek further licenses under the patents or other intellectual property rights of others. However, the Company can give no assurances that it will obtain such licenses or that the terms of any offered licenses will be acceptable to it. The failure to obtain or renew a license from a third party for intellectual property the Company uses at present could cause it to incur substantial costs and to suspend the manufacture, shipment of products or its use of processes requiring such intellectual property.

Relationships with suppliers

While the Company has negotiated supply agreements with various manufacturers and has entered into strategic supply agreements, certain of these manufacturers may presently be the sole supplier of key components for the Company's products, and the Company is dependent on their ability to source materials, manage their capacity, workforce and schedules. For a number of reasons, including but not limited to shortages of parts, labour disruptions, lack of capacity and equipment failure, a supplier may fail to supply materials or components that meet the Company's quality, quantity or cost requirements or to supply any at all. If the Company is not able to resolve these issues or obtain substitute sources for these materials or components in a timely manner or on terms acceptable to it, the Company's ability to manufacture certain products may be harmed, and it may be subjected to cancellation of orders or penalties for failed or late deliveries, which could have a material adverse effect on its business and financial results. The Company's products also use steel and other materials that have global demand. The prices and quantities at which those supplies are available fluctuate and may increase significantly. Competitive pressure, however, may not allow the Company to increase the sales price of its products. Any such increases may therefore negatively affect the Company's margins and financial condition. The Company mitigates these risks by seeking secondary suppliers, carrying inventory and locking in long-term pricing when possible. There are no guarantees, however, that the Company will be successful in securing alternative suppliers or that its inventory levels will be sufficient for its production requirements.

Financial and Accounting Risks

Capital requirements associated with expanded operations

The Company may not generate sufficient internal cash flow to sustain capital requirements, finance growth and repay the Promissory Note and the PT Intercompany Debt to Pressure Technologies.

Accordingly, the Company may need to engage in equity or debt financings to secure additional funds. If the Company raises additional funds through further issuances of equity or convertible debt securities, its existing shareholders could suffer significant dilution, and any new equity securities the Company issues could have rights, preferences and privileges superior to those of holders of its Common Shares. Any debt financing secured by the Company in the future could include restrictive covenants relating to its capital raising activities and other financial and operational matters, which may make it more difficult for the Company to obtain additional capital and to pursue business opportunities, including potential acquisitions. In addition, the Company may not be able to obtain additional financing on terms favourable to it or at all. If the Company is unable to obtain adequate financing or financing on terms satisfactory to it when the Company requires it, the Company's ability to continue to support business growth and respond to business challenges could be significantly limited. In addition, the terms of any additional equity or debt issuances may adversely affect the value and price of the Common Shares.

Risks associated with acquisitions

The Company may, in the future, seek to expand its business through acquisitions. Any such acquisitions will be in part dependent on management's ability to identify, acquire and develop suitable acquisition targets in both new and existing markets. In certain circumstances, acceptable acquisition targets might not be available. Acquisitions involve a number of risks, including: (i) the possibility that the Company, as a successor owner, may be legally and financially responsible for liabilities of prior owners; (ii) the possibility that the Company may pay more than the acquired company or assets are worth; (iii) the additional expenses associated with completing an acquisition and amortizing any acquired intangible assets; (iv) the difficulty of integrating the operations and personnel of an acquired business; (v) the challenge of implementing uniform standards, controls, procedures and policies throughout an acquired business; (vi) the inability to integrate, train, retain and motivate key personnel of an acquired business; and (vii) the potential disruption of its ongoing business and the distraction of management from its day-to-day operations. These risks and difficulties, if they materialize, could disrupt the Company's ongoing business, distract management, result in the loss of key personnel, increase expenses and otherwise have a material adverse effect on the Company' business, results of operations and financial performance.

Foreign sales and foreign currency fluctuations

The Company has sales denominated in the currencies of the various countries in which it operates, but incurs the majority of its operating expenses in Canadian dollars. In the future, the proportion of the Company'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 Company's business, financial condition and results of operations.

Estimates or judgments relating to crucial accounting policies

The preparation of financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The Company bases its estimates on historical experience and on various other assumptions that it believes to be reasonable under the circumstances, as provided in the notes to the Company's most recently audited financial statements and interim financial statements, 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. The Company's operating results may be adversely affected if the assumptions change or if actual circumstances differ from those in the assumptions, which could cause the Company's operating results to fall below the expectations of investors, resulting in a decline in the share price of the Company.

Operating claims

There is a risk that the warranty accrual included in the Company's cost of product revenue is not sufficient, and it may recognize additional expenses as a result of warranty claims in excess of its current expectations. Such warranty claims may necessitate a redesign, re-specification, a change in manufacturing processes, and/or recall of its products, which may have an adverse impact on the Company's finances and on existing or future sales. Although the Company attempts to mitigate against these risks through its sales and marketing initiatives and its product development, quality assurance, support and service programs, there can be no assurance that such initiatives and programs are adequate or that sales of its commercial products will continue to grow and contribute financially. Even in the absence of any warranty claims, a product deficiency such a manufacturing defect or a safety issue could be identified, necessitating a product recall, which could itself have an adverse impact on its finances and on existing or future sales. New products may have different performance characteristics from previous products.

Tax risks

The Company operates and is subject to income tax and other forms of taxation 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 Company'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. The Company may have exposure to greater than anticipated tax liabilities or expenses. The Company 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 Company's provision for income taxes and other tax liabilities will require significant judgment.

Risks Related to the Common Shares

Market for the Common Shares

There can be no assurance that an active trading market for the Common Shares will develop or, if developed, that any market will be sustained. The Company cannot predict the prices at which the Common Shares will trade. Fluctuations in the market price of the Common Shares could cause an investor to lose all or part of its investment in Common Shares. Factors that could cause fluctuations in the trading price of the Common Shares include: (i) announcements of new offerings, products, services or technologies; (ii) commercial relationships, acquisitions or other events by the Company or its competitors; (iii) price and volume fluctuations in the overall stock market from time to time; (iv) significant volatility in the market price and trading volume of renewable energy companies; (v) fluctuations in the trading volume of the Common Shares or the size of the Company's public float; (vi) actual or anticipated changes or fluctuations in the Company's results of operations; (vii) whether the Company's results of operations meet the expectations of securities analysts or investors; (viii) actual or anticipated changes in the expectations of investors or securities analysts; (ix) litigation involving the Company, its industry, or both; (x) regulatory developments in Canada, the UK, Europe, the United States, and other foreign countries; (xi) general economic conditions and trends; (xii) major catastrophic events;

(xiii) escrow releases, sales of large blocks of the Common Shares; (xiv) departures of key employees or members of management; or (xv) an adverse impact on the Company from any of the other risks cited herein.

No history of payment of cash dividends

To date the Company has not declared or paid cash dividends on the Common Shares. The Company intends to retain future earnings to finance the operation, development and expansion of the business. The Company does not anticipate paying cash dividends on the Common Shares in the foreseeable future. Payment of future cash dividends, if any, will be at the discretion of the Board and will depend on the Company's financial condition, results of operations, contractual restrictions, capital requirements, business prospects and other factors that the Board considers relevant.

Dilution of shareholders' interests as a result of issuance of securities

Depending on the Company's development and capital investment plans, acquisition activities, and operating and working capital requirements, the Company may issue additional Common Shares or securities convertible into Common Shares as a means of raising capital. In the event that the Company is required to issue equity securities or decides to enter into joint venture arrangements with other parties in order to raise financing through the sale of equity securities, investors' interests in the Company will be diluted and investors may suffer dilution in their net book value per share depending on the price at which such securities are sold.

Significant sales of Common Shares

Although Common Shares held by existing shareholders of the Company will generally continue to be freely tradable under applicable securities legislation, the Common Shares issued in connection with the Qualifying Transaction or held by Principals (as such term is defined in Policy 5.4 – Escrow, Vendor Consideration and Resale Restrictions of the TSXV Corporate Finance Manual) of the Company are subject to hold periods or escrow under applicable securities laws and the policies of the TSXV. Sales of a substantial number of the Common Shares in the public market after the expiry of such resale or escrow restrictions, including sales by Pressure Technologies, or the perception that these sales could occur, could adversely affect the market price of the Common Shares and may make it more difficult for investors to sell Common Shares at a favourable time and price.

Tax issues

There may be income tax consequences in relation to the Common 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

The Company has not paid dividends or made distributions on its Common Shares during the past three financial years and through to the date of this AIF. The Company has no present intention of paying dividends in the near future. It will pay dividends when, as and if declared by the Board. The Company expects to pay dividends only out of retained earnings in the event that it does not require its retained earnings for operations and reserves. There are no restrictions in the Company's notice of articles or articles that prevent it from declaring dividends. The Company has no shares with preferential dividend and distribution rights authorized or outstanding.

DESCRIPTION OF CAPITAL STRUCTURE

The Company's authorized share capital consists of an unlimited number of Common Shares without par value. As of the date of this AIF, there were 91,738,975 Common Shares issued and outstanding as fully paid and non-assessable. In addition, as of the date hereof, up to 7,891,100 Common Shares are reserved for issuance under Options and 41,628,112 are reserved for issuance under the Warrants and QT Warrants.

The holders of Common Shares are entitled to dividends if, as and when declared by the Board of Directors, to one vote per Common Share at meetings of the shareholders of Greenlane and, upon liquidation to receive such assets of Greenlane as are distributable to the holders of Common Shares. All Common Shares which are to be outstanding are fully paid and non-assessable. This summary does not purport to be complete and reference is made to the notice of articles and articles of Greenlane for a complete description of these securities and the full text of their provisions.

MARKET FOR SECURITIES

Trading Price and Volume

The Common Shares are listed on the TSXV under the trading symbol "GRN". The QT Warrants are listed on the TSXV under the trading symbol "GRN.WT.

The following table sets forth the reported high and low sales prices in Canadian dollars for the Common Shares on the TSXV for the monthly periods indicated.

	TSXV Price Range ($)		
Month	**High**	**Low**	**Total Volume**
June 10 - 30, 2019(1)	0.33	0.23	1,263,920
July 2019	0.275	0.22	614,700
August 2019	0.24	0.19	3,344,150
September 2019	0.23	0.17	3,832,297
October 2019	0.195	0.145	2,734,600
November 2019	0.265	0.17	4,438,980
December 2019	0.44	0.23	5,794,039

Note:

(1) Trading in the Common Shares was halted on December 10, 2018 in connection with the Qualifying Transaction. The Common Shares resumed trading on the TSXV under the symbol "GRN" on June 10, 2019.

The following table sets forth the reported high and low sales prices in Canadian dollars for the QT Warrants on the TSXV for the monthly periods indicated.

Month	TSXV Price Range ($) High	Low	Total Volume
August 13 - 31, 2019[(1)]	0.04	0.03	507,500
September 2019	0.06	0.06	7,000
October 2019	0.04	0.03	292,000
November 2019	0.10	0.035	2,095
December 2019	0.25	0.09	895,403

Note:

(1) The QT Warrants were listed for trading on August 13, 2019. The 1,000,000 QT Warrants issued to Beacon as lead agent of the SR Financing were listed for trading on January 13, 2020.

Prior Sales

During the financial year ended December 31, 2019, the following securities of the Company, which are not listed or quoted on a marketplace, were issued:

Date of Issuance	Aggregate Number and Type of Securities Issued[(1)]	Exercise Price per Security	Price per Security
May 30, 2019	41,965,225 Subscription Receipts	Nil[(2)]	$0.20
May 30, 2019	2,537,350 agents' compensation options	$0.20	Nil[(3)]
June 3, 2019	41,965,225 Special Warrants	Nil[(4)]	Nil[(2)]
June 3, 2019	17,418,000 PT Special Warrants	Nil[(5)]	$0.20
June 3, 2019	3,150,000 Options	$0.20	Nil
October 15, 2019	100,000 Options	$0.20	Nil

Notes:

(1) On February 19, 2020, Greenlane completed an underwritten shelf prospectus offering of 23,000,000 Units, including 3,000,000 Units issued pursuant to the underwriters' full exercise of their over-allotment option, at a price of $0.50 per Unit for gross proceeds of $11.5 million. See "General Development of Business – Three Year History – Shelf Prospectus Offering".

(2) The Subscription Receipts automatically converted, without the payment of any additional consideration, into 41,965,225 Special Warrants on June 3, 2019. See "General Development of Business – Three Year History – Subscription Receipt Financing".

(3) In connection with the SR Financing, the Company issued 2,537,350 agents' compensation options exercisable at $0.20 per Common Share.

(4) The Special Warrants automatically converted, without the payment of any additional consideration, into 41,965,225 Common Shares and 21,482,612 QT Warrants. See "General Development of Business – Three Year History – Subscription Receipt Financing".

(5) The Special Warrants were issued to Pressure Technologies in connection with the Qualifying Transaction as partial consideration for the acquisition of all of the issued and outstanding ordinary shares of PT Biogas. See "General Development of Business – Three Year History – Subscription Receipt Financing".

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

Securities held in Escrow

There are currently 12,614,113 Common Shares and 5,302,056 QT Warrants held in escrow pursuant to a TSXV value escrow agreement dated June 3, 2019 (the "**Value Escrow Agreement**") with Computershare Trust Company as escrow agent and a CPC escrow agreement dated September 24, 2018 (the "**CPC Escrow Agreement**") with Computershare Investor Services Inc. as escrow agent.

The table below includes the details of securities that are held in escrow as of the date of this AIF:

Name of Security holder	Designation of Class Held in Escrow	Number of Securities Held in Escrow	Percentage of Class
Pressure Technologies plc(5)(6)	Common Shares	6,618,840(1)	7.2%
	QT Warrants	3,309,420(1)	11.0%
Brad Douville(6)	Common Shares	1,451,500(1)	1.6%
	QT Warrants	725,750(1)	2.4%
Wade Nesmith(5)	Common Shares	1,287,887(1)(3)	1.4%
	Common Shares	500,000(2)	0.5%
	QT Warrants	643,944(1)(4)	2.1%
David Blaiklock(5)	Common Shares	212,887(1)(3)	0.2%
	Common Shares	500,000(2)	0.5%
	QT Warrants	106,443(1)(4)	0.4%
David Demers(5)	Common Shares	962,886(1)(3)	1.0%
	Common Shares	500,000(2)	0.5%
	QT Warrants	481,443(4)	1.6%
Brad Marchant	Common Shares	7,500(1)	0.008%
	Common Shares	10,000(2)	0.01%
	QT Warrants	3,750(1)	0.01%
Stephen Wortley	Common Shares	62,613(1)	0.1%
	QT Warrants	31,306(1)	0.1%
Stephen Anderson	Common Shares	250,000(2)	0.3%
Incite Capital Markets Inc.	Common Shares	250,000(2)	0.3%

Notes:

(1) The Common Shares and QT Warrants held pursuant to the Value Escrow Agreement were and are to be released as follows: (i) 25% was released June 6, 2019, the date of the Final Exchange Bulletin for the Qualifying Transaction (the "**Final Exchange Bulletin**"); (ii) 25% was released on December 6, 2019; (iii) 25% will be released on June 6, 2020; and (iv) 25% will be released on December 6, 2020.

(2) The Common Shares held pursuant to the CPC Escrow Agreement were and are to be released as follows: (i) 25% was released June 6, 2019, the date of the Final Exchange Bulletin; (ii) 25% was released on December 6, 2019; (iii) 25% will be released on June 6, 2020; and (iv) 25% will be released on December 6, 2020.

(3) Includes 638,660 Common Shares currently held by Creation Partners LLP ("**Creation Partners**") in escrow. Mr. Nesmith, Mr. Blaiklock and Mr. Demers each exercise direction and control of one-third of such securities.

(4) Includes 319,330 QT Warrants currently held by Creation Partners in escrow. Wade Nesmith, David Demers and David Blaiklock each exercise direction and control of one-third of such securities.

(5) In connection with payment of the Advisory Fee, Pressure Technologies will deliver into escrow, 1,915,980 Common Shares and 957,990 QT Warrants issued on conversion of 1,915,980 PT Special Warrants. Such escrowed Common Shares and QT Warrants will be released to Creation Partners upon repayment in full of the Promissory Note. See "Interests of Management and Others in Material Transactions".

(6) In satisfaction of the LTIP Payments, Pressure Technologies will deliver into escrow, 2,177,250 Common Shares and 1,088,625 QT Warrants issued on conversion of 2,177,250 PT Special Warrants. Such escrowed Common Shares and QT Warrants will be released to Brad Douville upon repayment in full of the Promissory Note. See "Interests of Management and Others in Material Transactions".

Securities Subject to Contractual Restrictions on Transfer

There are currently 1,915,980 Common Shares and 957,990 QT Warrants subject to a contractual restriction on transfer pursuant to the Advisory Fee; 2,177,250 Common Shares and 1,088,625 QT Warrants subject to a contractual restriction pursuant to the LTIP Payments; and 4,354,500 Common Shares subject to a contractual restriction on transfer under the Right to Direct Sale Agreement. Additionally, there are 9,760,240 Common Shares, 3,350,120 QT Warrants, 20,000 Warrants and 2,825,000 Options subject to a contractual restriction pursuant to the Lock-Up Agreements.

The table below includes the details of securities that are subject to contractual restrictions on transfer as of the date of the AIF:

Name of Security holder	Designation of Class Subject to a Contractual Restriction on Transfer	Number of Securities Subject to a Contractual Restriction on Transfer	Percentage of Class
Pressure Technologies plc	Common Shares	1,915,980(1)(6)	2.1%
	Common Shares	2,177,250(2)(6)	2.4%
	Common Shares	4,354,500(3)	4.7%
	QT Warrants	957,990(1)(6)	3.2%
	QT Warrants	1,088,625(2)(6)	3.6%
Brad Douville	Common Shares	2,177,250(4)(6)	2.4%
	QT Warrants	1,088,625(4)(6)	3.6%
	Options	100,000(4)	1.3%
Wade Nesmith	Common Shares	3,369,330(4)(5)(6)	3.7%
	QT Warrants	1,184,665(4)(5)(6)	3.9%
	Options	725,000(4)	9.2%
David Blaiklock(6)	Common Shares	1,319,330(4)(5)(6)	1.4%
	QT Warrants	159,665(4)(5)(6)	0.5%
	Options	625,000(4)	7.9%
David Demers(6)	Common Shares	2,819,330(4)(5)(6)	3.1%
	QT Warrants	909,665(4)(5)(6)	3.0%
	Options	625,000(4)	7.9%
Brad Marchant	Common Shares	35,000(4)(6)	0.04%
	QT Warrants	7,500(4)(6)	0.02%
	Options	250,000(4)	3.2%
Lynda Freeman	Common Shares	40,000(4)	0.04%

Name of Security holder	Designation of Class Subject to a Contractual Restriction on Transfer	Number of Securities Subject to a Contractual Restriction on Transfer	Percentage of Class
	Warrants	20,000(4)	0.2%
	Options	100,000(4)	1.3%
Patricia Fortier	Options	300,000(4)	3.8%
Brent Jaklin	Options	100,000(4)	1.3%

Notes:

(1) In connection with payment of the Advisory Fee, Pressure Technologies will deliver into escrow, 1,915,980 Common Shares and 957,990 QT Warrants issued on conversion of 1,915,980 PT Special Warrants. Such escrowed Common Shares and QT Warrants will be released to Creation Partners upon repayment in full of the Promissory Note. See "Interests of Management and Others in Material Transactions".

(2) In satisfaction of the LTIP Payments, Pressure Technologies will deliver into escrow, 2,177,250 Common Shares and 1,088,625 QT Warrants issued on conversion of 2,177,250 PT Special Warrants. Such escrowed Common Shares and QT Warrants will be released to Brad Douville upon repayment in full of the Promissory Note. See "Interests of Management and Others in Material Transactions".

(3) On June 3, 2019, Greenlane and Pressure Technologies entered into the Right to Direct Sale Agreement with respect to 4,354,500 Common Shares released to Pressure Technologies under the Value Escrow Agreement to the effect that Greenlane has the right to direct Pressure Technologies to sell all or any portion of the Optioned Common Shares to former directors, officers and employees of the Company (other than Wade Nesmith, David Demers and David Blaiklock), as determined by Greenlane in its discretion, at a price of $0.60 per Optioned Common Share, exercisable for two years from June 3, 2019 subject to acceleration upon the Common Shares trading at a price of more than $0.75 per Common Share for any consecutive 10-day trading period (accelerated to the date that is 30 calendar days from the last of such trading days), and subject to the terms of the Right to Direct Sale Agreement.

(4) In connection with the completion of the Offering, certain directors and officers of the Company entered into lock-up agreements dated February 11, 2020 (the "**Lock-Up Agreements**"). Pursuant to the Lock-Up Agreements, such directors and officers agreed not to, without the prior written consent of Beacon, acting reasonably, and subject to the terms of the Lock-Up Agreements, offer, sell, contract to sell, lend, swap, or enter into any other agreement to transfer the economic consequences of, or otherwise dispose of or deal with, or publicly announce any intention to offer, sell, contract to sell, grant or sell any option to purchase, hypothecate, pledge, transfer, assign, purchase any option or contract to sell, lend, swap, or enter into any agreement to transfer the economic consequences of, or otherwise dispose of or deal with, whether through the facilities of a stock exchange, by private placement or otherwise, any securities subject to the Lock-Up Agreements. The Lock-Up Agreements will expire on May 11, 2020.

(5) Includes 957,990 Common Shares and 478,995 QT Warrants currently held by Creation Partners under the Value Escrow Agreement. Mr. Nesmith, Mr. Blaiklock and Mr. Demers each exercise direction and control of one-third of such securities.

(6) These figures include the Common Shares and QT Warrants subject to escrow under the Value Escrow Agreement or CPC Escrow Agreement as applicable.

DIRECTORS AND OFFICERS

Name, Occupation and Security Holding

The following table sets forth information regarding the Company's Directors and executive officers. The term of office for the Directors expires at the Company's next Annual General Meeting.

Name, Province and Country of Residence	Principal Occupations for the Last Five Years	Served as a Director of the Company Since	Positions with the Company
Brad Douville British Columbia, Canada 50	President of Greenlane Biogas Group (November 2017 to Present); various positions at Westport Fuel Systems Inc. and Cummins Westport joint venture (June 1996 to November, 2017).	June 3, 2019	Director; President; Chief Executive Officer
Wade Nesmith(2) British Columbia, Canada 68	Chairman, Greenlane Renewables Inc. (July 2019 to Present); Partner at Creation Partners LLP (May 2018 to Present); Chairman (March 2012 to May 2018) and Director (October 2008 to May 2018) of Primero Mining Corp.; Director of Westport Fuel Systems Inc. (July 2017 to July 2019).	February 15, 2018	Director; Chairman
David Blaiklock(1)(2) British Columbia, Canada 66	Partner at Creation Partners LLP (May 2018 to Present); CFO of Primero Mining Corp. (July 2009 to September 2014); Executive Consultant of Primero Mining Corp. (October 2014 to February 2015).	February 15, 2018	Director; Chair of Audit Committee
David Demers(2)(3) British Columbia, Canada 63	Partner at Creation Partners LLP (May 2018 to present); Current chair of Crocus Advisors Inc.; Director of Primero Mining Corp. (October 2008 to May 2018); and CEO of Westport Fuel Systems Inc. (June 1999 to July 2016).	February 15, 2018	Director; Chair of Corporate Governance and Nominating Committee
Patricia Fortier(1)(3) Ontario, Canada 63	Senior Fellow at University of Ottawa (2017 to Present); Director of Primero Mining Corp. (November 2016 to May 2018); Assistant Deputy Minister for Consular, Security and Legal Affairs of Global Affairs Canada (September 2015 to October 2016); Canadian Ambassador to Peru and Bolivia (November 2011 to August 2015).	June 3, 2019	Director; Chair of Human Resources and Compensation Committee
Brad Marchant(1)(3) British Columbia, Canada 63	Founder, CEO and director of Enterra Feed Corporation (November 2011 to June 2016); Director of Primero Mining Corp. (June 2013 to May 2018).	December 8, 2018	Director

Name, Province and Country of Residence	Principal Occupations for the Last Five Years	Served as a Director of the Company Since	Positions with the Company
Lynda Freeman British Columbia, Canada 44	Chief Financial Officer of Greenlane Biogas Group (October 2019 to present); Interim Chief Financial Officer of GeoComply (February 2019 to October 2019); Chief Financial Officer of Alterra Power Corp. (October 2013 to May 2018).	N/A	Chief Financial Officer
Brent Jaklin British Columbia, Canada 43	Senior Vice President, Sales & Service at Greenlane Biogas Group, previously, Managing Director NA and Director of Operations at PT Biogas.	N/A	Senior Vice President, Sales & Service
Amy Grey British Columbia, Canada 41	Vice President, Finance & Administration of Greenlane Biogas Group (October 2018 to June 2019), Interim Finance Director of the Alternative Energy Division of Pressure Technologies plc (June 2017 to Sept 2018), Finance and Commercial Director (Kelda Retail) of Kelda Group plc (September 2015 to December 2016), Head of Finance and Billing (Defence & Retail) of Kelda Group plc (November 2014 to September 2015).	N/A	Vice President, Finance & Administration
Sandra Keyton British Columbia, Canada 55	Senior Vice President, Global Human Resources at Westport Innovations Inc. (2009 to 2016), Board Member at BC Human Resources Management Association (2012 to 2014).	N/A	Vice President, Human Resources
Stephen Wortley British Columbia, Canada 60	Partner at McMillan LLP (1991 to present).	N/A	Corporate Secretary

Notes:

(1) Member of Audit Committee.

(2) Member of the Corporate Governance and Nominating Committee.

(3) Member of the Human Resources and Compensation Committee.

As of the date of the AIF, the Company's Directors and executive officers, as a group, beneficially owned, directly or indirectly, or exercised control of direction over 10,145,465 Common Shares, representing approximately 11.1% of the issued and outstanding Common Shares.

The following are brief biographies of the above individuals:

Brad Douville, *Director, President and Chief Executive Officer*

Brad Douville was appointed the President of the Greenlane Biogas Group in November, 2017. He joined the Greenlane Biogas Group after a 25 year career in the natural gas commercial vehicle industry. He was one of the founding members of Westport Fuel Systems Inc., a University of British Columbia spinoff company formed in 1995 that has grown into a leading alternative fuels automotive systems company, supplying CNG and LNG systems to many of the world's leading manufacturers of cars and commercial vehicles. He was also one of the founding members of the Cummins Westport joint venture formed in 2001, which is the preeminent supplier of natural gas engines for trucks and buses in North America. Mr. Douville held various executive positions in engineering and business at Westport and Cummins Westport until November 2017. He holds a Bachelor of Applied Science Degree in Mechanical Engineering from the University of Alberta (1992), a Master of Applied Science Degree in Mechanical Engineering from the University of British Columbia (1994) and an Executive Program certificate from the Stanford School of Business (2000).

Wade Nesmith, *Director, Chairman*

Wade Nesmith was the founder of Primero Mining Corp. He served in the capacity of director of Primero Mining Corp. from October 2008 to May 2018 when Primero Mining Corp. was acquired by First Majestic Silver Corp. He acted as Chairman of Primero Mining Corp. from March 2012 to May 2018 and acted as President of Primero Mining Corp. from October 2008 to September 2009, and Chief Executive Officer from October 2008 to June 2010 and Executive Chairman of the Board from June 2010 to March 2012. Mr. Nesmith obtained his Bachelor of Law degree from York University's Osgoode Hall Law School in 1977. He was the Superintendent of Brokers for the Province of British Columbia (1989 – 1992), and subsequently a senior partner, specializing in securities law with Lang Michener LLP (now McMillan LLP) (1993 to 1998). Mr. Nesmith was a founding director of Westport Fuel Systems Inc. and from 1998 to 2003 he worked for Westport, helping to lead their public markets activities and retiring as President, Westport Europe. He was a founding director of Wheaton Precious Metals Corp. (formerly Silver Wheaton Corp.) (TSX, NYSE), serving from 2004 to 2016. Mr. Nesmith also served as a director of Westport Fuel Systems Inc. from June 2017 to July 2019.

David Blaiklock, *Director*

David Blaiklock has over 20 years of public company experience in a senior financial role. He previously served as the Chief Financial Officer of Primero Mining Corp., and as the Corporate Controller for Intrawest Corporation. He has experience in the financial operations of a growth-oriented and acquisition-focused public company. Previously, he was Corporate Controller of a number of public and private companies, primarily involved in real estate development. He received his designation as a Chartered Accountant while working with the international accounting firm Deloitte Touche Tohmatsu Limited. Mr. Blaiklock has a B.A. in Economics and Business Studies from the University of Sheffield.

David Demers, *Director*

David Demers was one of the founding members of Westport Fuel Systems Inc. and served as CEO and a director of Westport Fuel Systems Inc. from 1995 until July 2016, when it merged with Fuel Systems Solutions of New York. Mr. Demers is currently a director of TIMIA Capital Corp. and was appointed to its board in May 2017 and he is currently a Director of Augurex Life Sciences Corp. and was appointed to its board in March 2018. Mr. Demers was a Director of Primero Mining Corp. from October 2008 until May 2018. He has worked as a Director of a number of technology start-ups. He also served as a Director of Clean Energy Fuels (CLNE) through its NASDAQ listing. Mr. Demers obtained a Bachelor of Science (Physics) in 1977 and a Juris Doctor in 1978, both from the University of Saskatchewan.

Patricia Fortier, *Director*

Patricia Fortier is a former Canadian diplomat whose career has focused on political relations, governance, international security, and trade and investment – notably involved with the extractive and defence industries abroad. She most recently acted in the role of Assistant Deputy Minister responsible for Security, Consular, and Emergency Management in Global Affairs Canada. She was the past Canadian Ambassador to Peru and Bolivia and the Canadian Ambassador to the Dominican Republic and was also the Minister-Counsellor (Political) at the Canadian Embassy in Washington, D.C. Her past work abroad includes being Senior Advisor to the OAS Electoral Observation Mission to Peru and Chief Advisor to the High Level Mission to Peru. In Costa Rica, she worked with international NGOs on climate change (Earth Council) and human rights/democracy (Instituto Interamericano de los Derechos Humanos). Other diplomatic postings included Chile, Canadian mission to the United Nations in New York, India, Kenya and Zambia. She was also a member of the board of the Pearson Peacekeeping Centre. Ms. Fortier was also a director of Primero Mining Corp. from November 2016 to May 2018. Ms. Fortier has a Master's degree in Public Administration and a BA (Honours) from Queen's University and was a Weatherhead Fellow at Harvard University. She is fluent in English, Spanish and French.

Brad Marchant, *Director*

Brad Marchant has over 40 years of experience in the mining and environmental industries both in management and as a director. He has worked with numerous mining and technology companies including Coastech Research Inc., Triton Mining Corporation, Placer Dome Ltd., Equity Silver Mines Ltd. and Wabush Mines Ltd., and was a director of Primero Mining Corp. from June 2013 to May 2018. He founded a water treatment company, BioteQ Environmental Technologies Inc. (now BQE Water), which is focused on finding water treatment solutions for mining companies experiencing metallurgical and environmental challenges and also founded Enterra Feed Corporation. Enterra Feed Corporation collects pre-consumer organic waste material which is then processed by black soldier fly larvae into protein for use in animal feed, and fertilizer. Wheatsheaf, a subsidiary of the Grosvenor Group, is now the controlling shareholder of Enterra Feed Corporation. Mr. Marchant has a B.Sc. in Biochemistry from the University of New Brunswick and an M.A.Sc. in Mining and Mineral Process Engineering from the University of British Columbia.

Lynda Freeman, *Chief Financial Officer*

Lynda Freeman is a financial professional with over 22 years of experience. She has held progressively senior financial leadership roles, including five years as Chief Financial Officer of TSX-listed Alterra Power Corp. from 2013 to 2018, a global renewable energy company with hydro, wind, geothermal and solar generation capacity. Lynda began her professional career at PricewaterhouseCoopers where she spent ten years, based in three different countries (the United Kingdom, Australia and Canada) in the audit practice working with both public and rate regulated companies. Ms. Freeman earned her BA Honours degree in Accountancy and Law at Oxford Brookes University and is a UK qualified Chartered Accountant (ACA).

Brent Jaklin, *Senior Vice President, Sales & Service*

Brent Jaklin has over 20 years of experience in alternative fuels, low emission technologies and renewable natural gas projects where he has been involved in all stages from project development, technology development, design, project management, and equipment installation to commissioning and field services. Upon completing his mechanical engineering degree at Lakehead University in 1999, Brent was employed by Westport Innovations from 1999 to 2005, starting as a Test Engineer and then spending four years as Fuel Systems Team Leader. He then joined QuestAir Technologies in 2005 and held the position of Service Manager until 2008. Since 2009, Brent has held various positions with Greenlane Biogas Group, Aftercare Manager, Director of Operations, Managing Director NA, and Vice President, Sales & Technology. As Senior Vice President, Sales & Service at Greenlane, Brent is responsible for the company's strategic direction and technology portfolio.

Amy Grey, *Vice President, Finance & Administration*

Amy Grey is an experienced financial professional and has previously served in various roles relating to finance and administration. She previously acted as Vice President of Finance & Administration of Greenlane Biogas Group from October 2018 to June 2019 and Interim Finance Director of the Alternative Energy division of Pressure Technologies plc from June 2017 to September 2018. Ms. Grey also served as Finance and Commercial Director (Kelda Retail), and Head of Finance and Billing (Defence and Retail) for Kelda Group plc. She also previously served as a Finance and Commercial Manager for Serco and a Financial Controller for Fiducia Group. Ms. Grey is studying towards a Masters of Business Administration from the University of Leeds.

Sandra Keyton, *Vice President, Human Resources*

Sandra Keyton is a growth-oriented Human Resources executive with 30 years of global HR experience in the technology, automotive and energy sectors. Prior to joining Greenlane, she held the position of Senior Vice President, Global Human Resources with Westport Innovations Inc., where she led the global HR function in the Company's high growth period. Ms. Keyton is a past British Columbia Human Resources Management Association Board Member and holds her CPHR designation and she is a graduate of the British Columbia Institute of Technology Human Resources Management Program.

Stephen Wortley, *Corporate Secretary*

Stephen Wortley is a partner of the law firm of McMillan LLP. Mr. Wortley's legal practice focuses on corporate finance and commercial law. He has acted for public companies and investment dealers. He has also acted as corporate secretary for many Canadian public companies. Mr. Wortley obtained his LLB degree from the University of British Columbia in 1984.

CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS

No director or executive officer of the Company is, as at the date of this AIF, or has been within 10 years before the date of this AIF, a director, chief executive officer or chief financial officer of any company (including the Company), that:

(a) was subject to an order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer, or

(b) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

No director or executive officer of the Company, nor a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company:

(a) is, as at the date of this AIF, or has been within 10 years before the date of this AIF, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, 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; or

(b) has, within 10 years before the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

No director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially control of the Company has been subject to:

(a) 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) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

CONFLICTS OF INTEREST

The Company's Directors and officers may serve as directors or officers, or may be associated with, other reporting companies, or have significant shareholdings in other public companies. To the extent that such other companies may participate in business or asset acquisitions, dispositions, or ventures in which the Company may participate, the Directors and officers of the Company may have a conflict of interest in negotiating and concluding terms respecting the transaction. If a conflict of interest arises, the Company will follow the provisions of the BCBCA dealing with conflict of interest. These provisions state that where a director has such a conflict, that director must, at a meeting of the Company's directors, disclose his or her interest and refrain from voting on the matter unless otherwise permitted by the BCBCA. In accordance with the laws of the Province of British Columbia, the Directors and officers of the Company are required to act honestly, in good faith, and the best interest of the Company.

To the best of the Company's knowledge, and other than disclosed herein, there are no known existing or potential conflicts of interest among the Company, its promoters, directors and officers or other members of management of the Company or of 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 Company and their duties as a director or officer of such other companies. If a conflict of interest arises at a meeting of the Board, any Director in a conflict will disclose his interest and abstain from voting on such matter.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

Legal Proceedings

The Company is not, and was not during the most recently completed financial year, engaged in any legal proceedings and none of its property is or was during that period the subject of any legal proceedings. The Company does not know of any such legal proceedings which are contemplated.

Regulatory Actions

During the most recently completed financial year and during the current financial year, the Company is not and has not been the subject of any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority, any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor, or entered into any settlement agreements before a court relating to securities legislation or with a securities regulatory authority.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as described in this AIF, none of the Directors, executive officers or shareholders, owning or exercising control or direction over more 10% of the Common Shares, or any associate or affiliate of the foregoing, has had any material interest, direct or indirect, in any transaction within the three most recently completed financial years or during the current financial year prior to the date of this AIF that has materially affected us or is reasonably expected to materially affect the Company.

In July 2018, Creation Partners was engaged by Pressure Technologies to provide strategic advice relating to its divestiture of the Greenlane Biogas Group in consideration for the payment of a fee to Creation Partners of $10,000 per month for an aggregate of $70,000 as of the date of this AIF. As a result of this process, Pressure Technologies ultimately determined to proceed with the sale of the Greenlane Biogas Group pursuant to the Acquisition. Creation Partners is a limited liability partnership that is controlled by Wade Nesmith, David Demers and David Blaiklock, each of whom is a director of Greenlane.

In payment of an advisory fee (the "**Advisory Fee**") to Creation Partners pursuant to the Qualifying Transaction, Pressure Technologies transferred 957,990 PT Special Warrants to Creation Partners on June 6, 2019 upon completion of the Qualifying Transaction and will deliver into escrow, 1,915,980 Common Shares and 957,990 QT Warrants issued on conversion of 1,915,980 PT Special Warrants. Such escrowed Common Shares and QT Warrants will be released to Creation Partners upon repayment in full of the Promissory Note.

In connection with amounts owing to Brad Douville under Pressure Technologies' long-term incentive plan (the "**LTIP Payments**"), Pressure Technologies transferred 2,177,250 PT Special Warrants to Brad Douville on June 6, 2019 upon completion of the Qualifying Transaction and will deliver into escrow, 2,177,250 Common Shares and 1,088,625 QT Warrants issued on conversion of 2,177,250 PT Special Warrants. Such escrowed Common Shares and QT Warrants will be released to Brad Douville upon repayment in full of the Promissory Note. Brad Douville is the Director, President and Chief Executive Officer of the Company.

On June 3, 2019, Greenlane and Pressure Technologies entered into a right to direct sale agreement (the "**Right to Direct Sale Agreement**") with respect to 4,354,500 Common Shares (the "**Optioned Common Shares**") released to Pressure Technologies under the Value Escrow Agreement to the effect that Greenlane has the right to direct Pressure Technologies to sell all or any portion of the Optioned Common Shares to former directors, officers and employees of the Company (other than Wade Nesmith, David Demers and David Blaiklock), as determined by Greenlane in its discretion, at a price of $0.60 per Optioned Common Share, exercisable for two years from June 3, 2019 subject to acceleration upon the Common Shares trading at a price of more than $0.75 per Common Share for any consecutive 10-day trading period (accelerated to the date that is 30 calendar days from the last of such trading days), and subject to the terms of the Right to Direct Sale Agreement.

TRANSFER AGENTS AND REGISTRARS

Computershare Investor Services Inc., at its Vancouver office located at 3rd Floor, 510 Burrard Street, Vancouver, British Columbia, V6C 3B9, is the transfer agent and registrar for the Common Shares.

MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business, as of the date of this AIF, the only material contracts which the Company entered into within the most recently completed financial year, subsequent to the most recently completed financial year to the date of this AIF, or prior to the most recently completed financial year but which are still in effect are set out below:

(a) the warrant indenture with Computershare Trust Company of Canada dated May 30, 2019 providing for the issue of the QT Warrants; and

(b) the warrant indenture with Computershare Trust Company of Canada dated February 19, 2020 providing for the issue of Warrants pursuant to the Offering; and

(c) the Promissory Note dated June 3, 2019, issued to Pressure Technologies with respect to the Acquisition.

INTERESTS OF EXPERTS

The Company's auditors are PricewaterhouseCoopers LLP, Chartered Professional Accountants, who prepared the auditor's report included with the Company's annual consolidated financial statements for the year ended December 31, 2019. PricewaterhouseCoopers LLP has advised that they are independent with respect to the Company within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of British Columbia.

AUDIT COMMITTEE INFORMATION

Audit Committee Charter

The Company's Audit Committee has a charter (the "**Audit Committee Charter**"), the text of which is set out in a copy of the Audit Committee Charter attached hereto as Schedule "A" to this AIF.

Composition of the Audit Committee

The Company's Audit Committee members are David Blaiklock, Patricia Fortier and Brad Marchant. All Audit Committee members are considered to be "independent" and "financially literate" within the meaning of NI 52-110.

An Audit Committee member is independent if the member has no direct or indirect material relationship with the Company that could, in the view of the Board, reasonably interfere with the exercise of a member's independent judgment.

An Audit Committee member is financially literate if he has the ability to read and understand a set of financial statements that present a breadth of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

Relevant Education and Experience

Each member of the Company's Audit Committee has the education or experience that provides such member with: (i) an understanding of the accounting principles used by the Company to prepare its financial statements; (ii) the ability to assess the general application of such accounting principles in connection with the accounting for estimates, accruals and reserves; (iii) experience in preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Company's financial statements, or experience actively supervising one or more individuals engaged in such activities; and (iv) an understanding of internal controls and procedures for financial reporting.

Audit Committee Oversight

At no time since the commencement of the Company's financial year ended December 31, 2019 has the Audit Committee made any recommendations to the Board to nominate or compensate any external auditor that was not adopted by the Board.

Pre-Approval Policies and Procedures

The Audit Committee has adopted specific policies and procedures for the engagement of non-audit services as set out in the Audit Committee Charter.

External Auditor Services Fees

Audit Committee has reviewed the nature and amount of the non-audit services provided by PricewaterhouseCoopers, LLP to the Company to ensure auditor independence. Fees incurred with PricewaterhouseCoopers, LLP for the period ended December 31, 2019 and period ended December 31, 2018 for audit and non-audit services are outlined in the following table:

Nature of Services	Fees Paid to Auditor in Financial Year Ended December 31, 2019	Fees Paid to Auditor in Financial Year Ended December 31, 2018
Audit Fees[(1)]	$130,000	$16,287

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Nature of Services	Fees Paid to Auditor in Financial Year Ended December 31, 2019	Fees Paid to Auditor in Financial Year Ended December 31, 2018
Audit-Related Fees(2)	Nil	Nil
Tax Fees(3)	Nil	Nil
All Other Fees(4)	Nil	$24,128(5)

Notes:

(1) "Audit Fees" include fees necessary to perform the annual audit and quarterly reviews of the Company's consolidated financial statements. "Audit Fees" include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. "Audit Fees" also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.

(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 consultations on proposed transactions, internal control reviews.

(3) "Tax Fees" include fees for all tax services other than those included in "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.

(4) "All Other Fees" include all other non-audit services.

(5) Creation Capital Corp. (now Greenlane Renewables Inc.) engaged PricewaterhouseCoopers, LLP to provide acquisition and structuring advice during the financial year ended December 31, 2018.

ADDITIONAL INFORMATION

Additional information relating to the Company may be found on SEDAR at www.sedar.com. Additional information, including directors' and officers' remuneration and indebtedness, the Company's principal shareholders, and securities authorized for issuance under equity compensation plans, if applicable, is contained in the Company's most recently filed management information circular available on SEDAR at www.sedar.com. Additional financial information is provided in our consolidated financial statements and management's discussion and analysis for the financial year ended December 31, 2019.

SCHEDULE "A"

AUDIT COMMITTEE CHARTER

I. PURPOSE AND PRIMARY RESPONSIBILITY

1. Purpose

The purpose of this Audit Committee Charter (the "Charter") is to clearly set out the objectives, composition, member qualification, member appointment and removal, responsibilities, manner of reporting to the Board of Directors (the "Board") of Greenlane Renewables Inc. (the "Company"), annual evaluation and compliance with this Charter.

2. Primary Responsibility

The primary responsibility of the Audit Committee (the "Committee") is that of oversight of the financial reporting process on behalf of the Board. This includes oversight responsibility for financial reporting and continuous disclosure, oversight of external audit activities, oversight of financial risk and financial management control, and oversight responsibility for compliance with relevant legal and regulatory requirements, including without limitation, tax and securities laws, as well as whistle blowing procedures. 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. Each member of the Committee must be an independent director of the Company.

2. The Committee will consist of at least three members, all of whom shall be financially literate. A Committee member who is not financially literate may be appointed to the Committee provided that the member becomes financially literate within a reasonable period of time following his or her appointment.

3. 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 and will cease to be a member of the Committee on ceasing to be an independent director.

4. The Chair of the Audit Committee will be appointed by the Board.

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 any internal auditor, and with the external auditor without management involvement; and

3. to incur ordinary administrative expenses that are necessary or appropriate in carrying out its duties, such expenses to be paid for by the Company.

IV. DUTIES AND RESPONSIBILITIES

The duties and responsibilities of the Committee include:

1. Matters related to the external auditor:

(a) recommending to the Board the external auditor to be nominated by the Board, taking into consideration the Committee's assessment of the incumbent external auditor's performance pursuant to subsection (d) below among other things;

(b) recommending to the Board the compensation of the external auditor, to be paid by the Company, in connection with:

(i) preparing and issuing the audit report on the Company's financial statements; and

(ii) performing other audit, review or attestation services;

(c) 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);

(d) overseeing the work of the external auditor, including performing an annual assessment of the external auditor subsequent to the conclusion of each annual audit of the Company'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;

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

(f) 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, such report to include any material issues raised by the most recent internal quality control review, or peer review, of the firm, or any governmental or professional authorities of the firm within the preceding five years, and any steps taken to deal with such issues;

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

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

(i) pre-approving all non-audit services to be provided to the Company or any subsidiaries by the Company'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 $25,000, however such approval will be presented to the Committee at the next scheduled meeting for formal approval);

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

2. Matters related to the financial statements and accounting:

(a) 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"), including the appropriateness of the Company's accounting policies, disclosures (including material transactions with related parties), reserves, key estimates and judgements (including changes or variations thereto) 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;

(b) reviewing and discussing with management and the external auditor major issues regarding accounting principles and financial statement presentation including any changes in the selection or application of accounting principles to be used in the preparation of the financial statements of the Company and its subsidiaries;

(c) reviewing and discussing with management and the external auditor the external auditor's 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;

(d) reviewing the external auditor's report to the shareholders on the Company's annual financial statements;

(e) reporting on and recommending to the Board the approval of the annual financial statements and the external auditor's report on those financial statements, the quarterly unaudited financial statements, and the related MD&A and press releases for such financial statements, before the dissemination of these documents to shareholders, regulators, analysts and the public;

(f) satisfying itself on a regular basis through reports from management and related reports, if any, from the external auditor, that adequate procedures are in place for the review of the Company's disclosure of financial information extracted or derived from the Company's financial statements that such information is fairly presented;

(g) overseeing the adequacy of the Company's system of internal accounting controls and obtaining from management and the external auditor summaries and recommendations for improvement of such internal controls and processes, together with reviewing management's remediation of identified weaknesses;

(h) reviewing with management and the external auditor the integrity of disclosure controls and internal controls over financial reporting. Reviewing the annual and quarterly CEO and CFO certifications under NI 52 – 109 and ensuring that the Company has an effective process in place to support those certifications;

(i) reviewing, monitoring, discussing and assessing the processes management has put in place to identify and manage the principal risks that could impact the financial reporting of the Company and discussing policies with respect to risk assessment and risk management, which discussions will include:

(i) the Company'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;

(j) satisfying itself that management has developed and implemented a system to ensure that the Company meets its continuous disclosure obligations through the receipt of regular reports from management and the Company's legal advisors on the functioning of the disclosure compliance system, (including any significant instances of non-compliance with such system) in order to satisfy itself that such system may be reasonably relied upon;

(k) resolving disputes between management and the external auditor regarding financial reporting;

(l) establishing procedures for:

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

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

3. Other matters

(a) Establishing procedures for:

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

(ii) reviewing the adequacy of the Company's insurance coverage (excluding Directors' and Officers' insurance coverage, which is reviewed by the Nominating and Governance Committee);

(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 Company are raised for consideration at the Board, and

(iv) reviewing fraud prevention policies and programs and monitoring their implementation.

(b) 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 Company. 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.

(c) 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 Company 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 Chair of the Committee shall be responsible for leadership of the Committee, including scheduling and presiding over meetings, preparing agendas, overseeing the preparation of briefing documents to circulate during the meetings as well as pre-meeting materials, 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 auditor and management in advance.

4. The Committee will meet in camera separately with the CEO and separately with the CFO of the Company at least annually to review the financial affairs of the Company.

5. The Committee will meet with the external auditor of the Company 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. The external auditor must be given reasonable notice of, and has the right to appear before and to be heard at, each meeting of the Committee.

7. 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.

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.