

How we invest

Investment process of MMJ – Investments

Investment approval

The MMJ Board would be the final approval level for acquisition and sale of investments proposals.

Parallax has a responsibility for origination, execution, management and exit of MMJ's investments.

The Board reviews and approves acquisition and sale of investments proposals.

Investment proposals which involve exercise of rights attached to investments would be subject to the delegations by the Board.

Board approval will be required where a related party transaction is proposed.

Investment Approval Process

The Company has adopted an investment approval process which is based on current MMJ practice and the terms of the Investment Management Agreement with Parallax which commences effective operation on 1 June 2019. The following section outlines the nature and processes of a generic investment approval process.

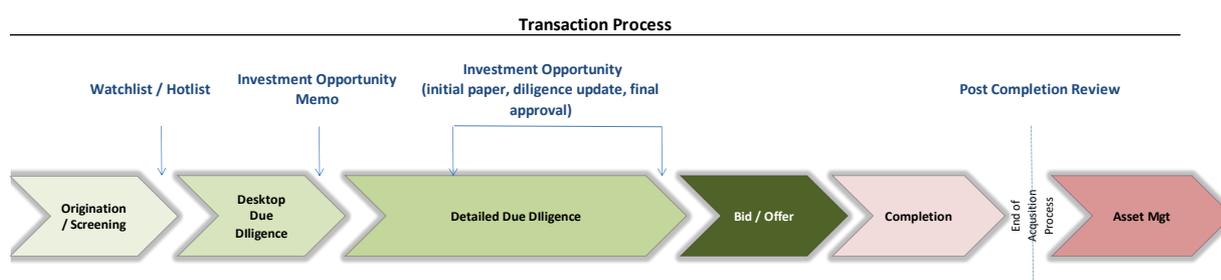


Figure 1: Overview of the Transaction Process

Opportunity Origination / Screening Investment opportunities are sourced by MMJ using various strategies as outlined. Parallax has a responsibility for sourcing and reviewing MMJ's investment opportunities.

Desktop Due Diligence Desktop due diligence involves a review of the opportunity using information on the business that is publicly available. This purpose of this review to facilitate an initial screening of the opportunity – is it an asset that fits within MMJ's Investment Policy (refer section 4), is it likely to provide an appropriate risk adjusted return and is there a reasonable probability of closing the opportunity.

Detailed Due Diligence Parallax will decide whether to undertake detailed due diligence on investment opportunities. Parallax sends initial investment opportunity to the MMJ Board (generally in form of email with description of opportunity with or without a presentation prepared by investee).

Investment Paper If there is in principle MMJ Board support, Parallax would produce a recommendation paper in line with section 2 of Schedule 3 of the Investment Management Agreement. Parallax will prepare a paper seeking MMJ board approval:

- Progress or findings on diligence.
- Recommendations.

The primary objectives of this paper are to:

- satisfactorily outline the fundamental characteristics of the opportunity, scope and size of transaction;
- identify the rationale for pursuing the opportunity including estimated returns and transaction size criteria;
- consider the potential exit strategies in respect of the investment;
- demonstrate to the Board the proposed transaction fits within approved portfolio guidelines; and
- obtain approval to invest

MMJ Board approves investment (usually in form of circular resolution which needs to be signed by all directors other than those conflicted including Mike Curtis who is a director of Parallax). MMJ will send an email to Parallax stating the terms of MMJ's Board approval including documentation and signoff requirements including settlement details.

Execution

Prior to execution of subscription documentation MMJ would receive:

- i. in certain circumstances eg unlisted complex transactions, legal signoff that documentation accords with MMJ Board approval; and
- ii. recommendation from Parallax to execute documentation.

There may be a need to receive taxation advice on MMJ's investment in instruments MMJ has not invested in or in a jurisdiction where MMJ has not invested.

If MMJ were acquiring/selling listed securities which for example did not require consideration of reporting of substantial shareholdings or 10% holders in Canada, MMJ typically would not require legal advice for listed investments.

MMJ would generally not advance monies on basis of a binding terms sheet in case of an unlisted investment eg MMJ would require loan agreement/subscription agreement/convertible debenture documentation including any security documentation.

Completion

Prior to settlement MMJ would receive:

- i. in the case of an investment which had standard subscription documentation, legal signoff that the conditions precedent in the binding subscription documentation have been satisfied and that MMJ is bound to settle;
- ii. banking details in writing on the investee's letterhead;
- iii. recommendation by Parallax to settle.