

RESPONSE TO APHRIA PRESS RELEASE DATED DECEMBER 4, 2018

December 4, 2018

After a careful review of Aphria's latest press release, we feel even more confident in our thesis. Aphria has merely repackaged the main contents of its past public statements, whilst conveniently avoiding addressing almost all of our very serious core allegations. Our comments on selected points are below:

1. On "good corporate governance and transparency": the facts highlighted so far indicate that these have been seriously lacking, in our opinion.
2. On Aphria/Sol not being "sister companies": considering the presence of cross-over executives who had served on both companies' boards (e.g. Vic Neufeld), and the fact that both companies were taken public in similar circumstances, we believe that the press has been justified in using the term "sisters" when speaking about Scythian and Aphria.
3. On receiving a "fairness of opinion" on the LatAm transaction from Cormark: we challenge the company to release to the public the fairness opinion in its full form, without redactions. We have reviewed a fairness opinion issued by "Haywood", a Scythian advisor, and found it to be questionable. It is our understanding, the value of the assets acquired in the Latam transactions are based primarily on projected revenue figures that have been redacted and are therefore impossible to evaluate. We note that Cormark has acted as an underwriter for Aphria's secondary offerings.
4. On paying a "purchase price [...] comparable with similar Latin America acquisitions": in our presentation, we listed comparable transactions for each deal included in the LatAm transaction. We invite readers to refer to slides 57, 76 and 103 for an objective comparable analysis.
5. On disclosing the presence of insiders as beneficiaries of the transaction: the key issue is the possible presence of people with influence at Aphria in the shell companies used to acquire the LatAm assets, namely Marigold Acquisitions, MMJ International, and MMJ Colombia. The company should come forward and clarify both the identities of the beneficial owners involved as well as the price paid for the original assets.

What is more important is what the company did not say in its press release, for example:

1. Why did the Delavaco shells change name immediately before being sold, presumably at a large mark up, to Scythian?
2. Why did Scythian declare ABP's turnover to be equal to US\$11m when the actual figure appears to be less than \$500k?
3. Why was the agreement with the Garrahan hospital touted as a "purchase order" when the Garrahan described it as an expensive, long term donation?
4. Why is Marigold's registered address located in a derelict building?

Stay tuned.