

CANADA

**SUPERIOR COURT
(CLASS ACTION)**

**PROVINCE OF QUEBEC
DISTRICT OF MONTREAL**

No.: 500-06-000962-189

MATTHEW RANGER, residing and domiciled at
[REDACTED], in the city of
[REDACTED] Province of Quebec, [REDACTED]

-and-

CAROLINE MUNRO, residing and domiciled at
[REDACTED], in the city of
[REDACTED], Province of Quebec, [REDACTED]

Applicants

-vs-

APHRIA INC., a legal person, incorporated under the laws of Ontario and having its registered office at 199 Bay Street, 5300 Commerce Court West, in the city of Toronto, province of Ontario, M5L 1B9

-and-

SOL GLOBAL INVESTMENTS CORP., a legal person, incorporated under the laws of Ontario and having its principal place of business at 100 King Street West, Suite 5600, in the city of Toronto, province of Ontario, M5X 1C9

-and-

VICTOR NEUFELD, Chief Executive Officer, Aphria Inc., 245 Talbot Street West, Unit 103, Leamington, Ontario, N8H 1N8

-and-

COLE CACCIAVILLANI, Vice-President of Growing Operations, Aphria Inc., 245 Talbot Street West, Unit 103, Leamington, Ontario, N8H 1N8

-and-

JOHN CERVINI, Vice-President of Infrastructure and Technology, Aphria Inc., 245 Talbot Street West, Unit 103, Leamington, Ontario, N8H 1N8

-and-

CARL MERTON, Chief Financial Officer, Aphria Inc., 245 Talbot Street West, Unit 103, Leamington, Ontario, N8H 1N8

-and-

ANDREW DEFRANCESCO, Director, SOL Global Investments Corp., residing at 2300 E Las Olas Blvd, 5th Floor, in the city of Fort Lauderdale, state of Florida, United States of America, 33301

Defendants

**APPLICATION FOR AUTHORIZATION TO INSTITUTE A CLASS ACTION
AND TO APPOINT ONE OR MORE REPRESENTATIVE PLAINTIFFS AND FOR
AUTHORIZATION TO INSTITUTE AN ACTION PURSUANT TO TITLE VIII,
CHAPTER II, DIVISION II OF THE *SECURITIES ACT***

(Art. 574 C.C.P. and following; *Securities Act*, CQLR c V-1.1, ss. 225.4 and following)

TO ONE OF THE HONOURABLE JUSTICES OF THE SUPERIOR COURT OF QUEBEC, SITTING IN AND FOR THE DISTRICT OF MONTREAL, THE APPLICANTS STATE THE FOLLOWING:

I. THE CLASS

1. The Applicants wish to institute a class action on behalf of the following Class, of which the Applicants are members, namely:

All persons or entities in Québec who purchased or otherwise acquired Aphria securities between January 20, 2018 and December 4, 2018 inclusively (the “**Class Period**”), and held those securities at the close of trading on December 4, 2018, excluding all Aphria's subsidiaries, affiliates, officers, directors, senior employees, legal representatives, heirs, predecessors, successors and assigns, and any member of the Individual Defendants’ immediate families and any entity in which any of them has or had at a material time a legal or de facto controlling interest (the “**Class**”)

II. THE DEFENDANTS

(i) Aphria Inc.

2. The Defendant Aphria Inc. (“**Aphria**”) is a corporation organized pursuant to Ontario’s *Business Corporations Act*, as it appears in the extract from the Ontario corporate registry communicated herein as **Exhibit P-1**. Its registered office is located at 199 Bay Street, 5300 Commerce Court West, in the city of Toronto, province of Ontario, M5L 1B9, and its principal place of business is 245 Talbot Street West, Unit 103, Leamington, Ontario, N8H 1N8.
3. Aphria purports to produce and sell medical cannabis in Canada and internationally. The company offers sativa, indica, and hybrid medical marijuana products, as well as cannabis oils. It serves patients and health professionals. The company also sells its products online.

4. Aphria engages in business in Ontario and across Canada, including in Québec, and is registered with the *Registraire des entreprises du Québec*, as shown in the extract from the register communicated herein as **Exhibit P-2**.
5. Aphria common shares are listed on the Toronto Stock Exchange (“**TSX**”) under the symbol APHA and on the New York Stock Exchange (“**NYSE**”) under the symbol APHA.

(ii) SOL Global Investments Corp.

6. The Defendant, SOL Global Investments Corp. (“**SOL**”) is a corporation organized pursuant to Ontario’s *Business Corporations Act*, as it appears in the extract from the Ontario corporate registry communicated herein as **Exhibit P-3**. Its registered office and principal place of business is located at 100 King Street West, Suite 5600, in the city of Toronto, province of Ontario, M5X 1C9.
7. As shown in Exhibit P-3, SOL was formerly known as *Scythian Biosciences Corp.* (until October 25, 2018), *Kitrinor Metals Inc.* (until June 6, 2011), *Norcanex Resources Ltd.* (until February 25, 2005), and *Canexco Resources Ltd.* (at formation on January 28, 2005).
8. SOL purports to be an international cannabis company with a focus on legal US states.
9. SOL common shares are listed on the Canadian Securities Exchange (“**CSE**”) under the symbol SOL, and in the United States on the OTCQB (“The Venture Market”) under the symbol SOLCF.

(iii) Individual Defendants

10. The Defendant, Victor Neufeld (“**Neufeld**”), is and was during the Class Period, Aphria's Chief Executive Officer (“**CEO**”) and a Director thereof. According to Aphria Inc.’s corporate profile report, Exhibit P-1, Neufeld may be served at 245 Talbot Street West, Unit 103, Leamington, Ontario, N8H 1N8.¹
11. The Defendant, Cole Cacciavillani (“**Cacciavillani**”), a resident of Canada, is and was during the Class Period, Aphria's co-founder, Vice President of Growing Operations and a Director. According to Aphria Inc.’s corporate profile report, Exhibit P-1, Cacciavillani may be served at 245 Talbot Street West, Unit 103, Leamington, Ontario, N8H 1N8.
12. The Defendant, John Cervini (“**Cervini**”), a resident of Canada, is and was during the Class Period, Aphria's co-founder, Vice President of Infrastructure and Technology, and a Director. According to Aphria Inc.’s corporate profile report, Exhibit P-1, Cervini may be served at 245 Talbot Street West, Unit 103, Leamington, Ontario, N8H 1N8.
13. The Defendant, Carl Merton (“**Merton**”), is and was during the Class Period, Aphria's Chief Financial Officer (“**CFO**”).
14. The Defendant, Andrew DeFrancesco (“**DeFrancesco**”), is or was during the Class Period, involved as a Director and in various capacities for numerous companies whose assets were ultimately acquired by Aphria, including but not limited to as an Officer, Director, and Chairman of the Board for SOL, as indicated in SOL’s corporate profile

¹ It appears that Mr. Neufeld’s name is erroneously listed as “Vic Newfeld” on the corporate profile report, but all indications are that Neufeld is the correct spelling. See, for example, the Mr. Neufeld’s LinkedIn profile, a copy of which (as of December 19th, 2018) is communicated herein as **Exhibit P-4**.

report, Exhibit P-3. According to Exhibit P-3, DeFrancesco may be served at 2300 E. Las Olas Blvd., 5th Floor, Fort Lauderdale, Florida, United States of America, 33301.

15. Neufeld, Cacciavillani, Cervini, Merton, and DeFrancesco will be referred to herein as the “**Individual Defendants**”.
16. Neufeld, Cacciavillani, Cervini, and Merton will be referred to herein as the “**Individual Aphria Defendants**”.
17. Each of the Individual Defendants was either:
 - (a) directly involved in the management of Aphria;
 - (b) directly involved in the day-to-day operations of Aphria at the highest levels;
 - (c) privy to confidential proprietary information concerning Aphria and its business and operations;
 - (d) directly or indirectly involved in drafting, producing, reviewing and/or disseminating the false and misleading statements and information alleged herein;
 - (e) directly or indirectly involved in the oversight or implementation of Aphria's internal controls;
 - (f) directly or indirectly involved in acquisitions by Aphria, including, but not limited to, the acquisition of LATAM Holdings Inc.;
 - (g) aware of or recklessly disregarded the fact that the false and misleading statements were being issued concerning Aphria; or
 - (h) approved or ratified these statements in violation of the Québec and other provincial securities laws.

III. GENERAL FACTS

(a) The Scheme

18. The Defendants orchestrated a scheme to divert money and financial value away from shareholders and into the insiders' own pockets.
19. In concert with Aphria's management team and the other Defendants, DeFrancesco set-up or acquired international companies, providing token justifications for the acquisitions. The international companies were then purchased by Canadian shell companies under the control of DeFrancesco. The shell companies then agreed to be acquired by SOL, which subsequently sold its stakes in the entities to Aphria at a large markup (the "**Activities**").
20. As a result of these Activities, DeFrancesco and others obtained money or SOL shares, SOL obtained money or Aphria shares, and Aphria (and its shareholders) were sold obscure international assets of little or no material value to its enterprise. Amongst other things, Aphria and its directors were negligent in failing to prevent these Activities.

(b) Materially False and Misleading Statements

21. As a reporting issuer traded on the TSX and the NYSE, Aphria is required to provide periodic disclosure about its business and internal affairs. Aphria is also required to provide timely and meaningful disclosure about any and all material changes to its business or internal affairs.
22. During the Class Period, Aphria issued documents referenced herein and otherwise, including but not limited to filings on the System for Electronic Document Analysis and Retrieval ("**SEDAR**") – the electronic filing system for the disclosure documents of

issuers across Canada – pursuant to their statutory obligations to do so, and for the specific purpose of attracting investment in their securities, and to induce members of the public, including members of the Class, to purchase those securities.

23. On January 29, 2018, Aphria announced via a press release, a copy of which is communicated herein as **Exhibit P-5**, that it was acquiring Nuuvera Inc. to “leverage Nuuvera's extensive international network and best-in-class manufacturing practices to become the preeminent global supplier of premium cannabis.”
24. On July 17, 2018, Aphria issued a press release, a copy of which is communicated herein as **Exhibit P-6**, disclosing its plans to acquire assets in Latin America and the Caribbean. Highlights of the transactions included:
 - (a) solidifying Aphria’s leadership position in the global cannabis industry;
 - (b) providing Aphria with world class assets in the most advanced regulatory jurisdictions across the Latin American and Caribbean markets;
 - (c) strengthening Aphria’s leading international management team with the addition of proven local executives;
 - (d) establishing Aphria’s presence in the most advanced strategic market in South America, Colombia;
 - (e) gaining first mover advantage in Argentina for eventual in-country cultivation;
 - (f) acquiring market leadership in Jamaica with the only Tier 3 cultivator license in the country;
 - (g) yielding strategic rights to potentially expand into Brazil, the largest population in South America; and
 - (h) delivering accretive cash flow beginning in calendar year 2019.
25. On September 27, 2018, Aphria issued a press release, a copy of which is communicated herein as **Exhibit P-7**, announcing that it had completed the acquisition of assets in Latin America and the Caribbean from Scythian Biosciences Corp.

26. On October 5, 2018, Aphria filed with SEDAR a Material Change Report on Form 51-102F3, a copy of which is communicated herein as **Exhibit P-8** (the “**October 5 MCR**”). The October 5 MCR identifies Merton as an executive officer with knowledge respecting the October 5 MCR and incorporates by reference the aforementioned press releases.
27. On May 11, 2018, SOL (known as Scythian Biosciences Corp. at the time) announced via a press release, a copy of which is communicated herein as **Exhibit P-9**, that the entity it was acquiring in Argentina had generated “revenues in excess of USD \$11 Million in 2017.”
28. The statements contained in the October 5 MCR, the previous press releases, and in other SEDAR filings during the Class Period (“**Impugned Documents**”) were materially false or misleading because they misrepresented and failed to disclose the adverse facts pertaining to Aphria's business, operations and prospects, which were known to the Defendants or recklessly disregarded by them.
29. Specifically, the Defendants made false or misleading statements or failed to disclose that:
- (a) Aphria had acquired companies through undisclosed Aphria insiders or related parties at inflated prices;
 - (b) Aphria exaggerated the positive effects these acquired companies would have on its business and prospects; and
 - (c) as a result, the Defendants’ statements about its business, operations, and prospects, were materially false or misleading or lacked a reasonable basis at all relevant times
- (the “**Misrepresentations**”).

30. On December 3, 2018, a report from Hindenburg Research entitled *Aphria: A Shell Game with a Cannabis Business on the Side*, a copy of which is communicated herein as **Exhibit P-10** (the “**Report**”), indicated that contrary to the Misrepresentations, Aphria had spent hundreds of millions of dollars on vastly inflated or possibly fabricated asset purchases, calling into question the validity and truthfulness of the Impugned Documents.

(c) Impact on share price

31. Following the release of the Report, the share price of Aphria dropped precipitously.
32. Communicated herein as **Exhibit P-11** is a table retrieved from Investor.com on or about December 19th, 2018 disclosing the historical price of Aphria shares between January 1, 2018 and December 18, 2018.
33. As shown in Exhibit P-11, the closing market prices and the relative change from day to day for Aphria on the TSX during the critical time period following the release of the Report included the following:

30-Nov-18	10.51	-0.28%
3-Dec-18	7.60	-27.69%
4-Dec-18	5.99	-21.18%
5-Dec-18	5.00	-16.53%
6-Dec-18	7.55	51.00%
7-Dec-18	6.93	-8.21%
10-Dec-18	7.53	8.66%
11-Dec-18	8.20	8.90%
12-Dec-18	7.78	-5.12%
13-Dec-18	7.04	-9.51%
14-Dec-18	7.47	6.11%
17-Dec-18	7.32	-2.01%
18-Dec-18	7.89	7.79%

34. As shown above, the trading price of Aphria prior to the release of the Report was \$10.51 per share. The average trading price of Aphria for the 10 days following the release of the report (on December 3, 2018) was \$7.84 (the “**Benchmark Price**”), approximately a 25.4% reduction.

IV. CLAIMS

(a) Civil Claim - Article 1457 CCQ

35. The Applicants plead a fault on the basis of art. 1457 CCQ for the breaches by the Defendants of their general private law duty of diligence as owed to the Applicants and the Class.
36. The Defendants failed to abide by the rules of conduct incumbent on them in the circumstances of their relationships with members of the Class as well as the transactions in which they acted, at law and as was reasonably required from them.
37. As a result, the Defendants committed a fault and therefore caused injuries to the members of the Class in terms of causing their significant monetary damages and losses, and are bound to compensate the members of the Class for those losses.

(b) Secondary market misrepresentation - Securities Act

38. The Applicants plead and seek authorization pursuant to s. 225.4 of the *Securities Act*, CQLR c V-1.1 to pursue a claim for secondary market misrepresentation as found in Title VIII, Chapter II, Division II of the *Securities Act*.

39. During the Class Period, Aphria released to the public and filed financial statements, information forms, certificates, and other Impugned Documents including the which contained Misrepresentations.
40. The information contained in the Impugned Documents and representations misrepresented the financial condition of Aphria and failed to disclose material information regarding the acquisitions (including material interrelationships between the parties) as particularized above.
41. Per s. 5 of the *Securities Act*, “material information” means “a fact that may reasonably be expected to have a significant effect on the market price or value of securities issued ...”. A “misrepresentation” means “any misleading information on a material fact as well as any pure and simple omission of a material fact.”
42. Aphria and the Individual Aphria Defendants owed a duty to the Applicants and to members of the Class at law and under provisions of the *Securities Act* to disseminate promptly, or to ensure the prompt dissemination of truthful, complete, and accurate statements regarding Aphria’s business and affairs, and to promptly correct any previously-issued, materially inaccurate information, so that the price of Aphria’s publicly traded securities was based on complete, accurate, and truthful information.
43. At all material times, the Defendants and each of them knew or ought reasonably to have known that the trading price of Aphria’s publicly-traded securities was directly influenced by the statements disseminated, authorized, or otherwise disclosed concerning the business and affairs of Aphria.
44. The Defendants knew or ought reasonably to have known that a failure to ensure that Aphria’s disclosures were materially accurate and materially complete would cause Aphria’s securities to become inflated and thus would cause damage to persons who

invested in Aphria's securities while their price remained inflated by such false statements.

45. Pursuant to s. 225.12 of the *Securities Act*, the Applicants and members of the Class are not required to prove that they relied on any document, public oral statement, or other communication by the Defendants in respect of their decision to acquire or dispose of Aphria securities.

(c) Conspiracy

46. The Defendants and other unnamed and unknown co-conspirators voluntarily entered into agreements with each other to use unlawful means (including through the disclosure and perpetuation of the Misrepresentations) which resulted in loss and damage to members of the Class.
47. In furtherance of the conspiracy, the Defendants, their employees, agents, and co-conspirators carried out the Activities (as defined above).
48. The Defendants and co-conspirators intended to cause economic loss to the Class and engaged in the Activities for *inter alia* that purpose.
49. In the alternative, the Defendants and co-conspirators knew or ought to have known that in the circumstances, their Activities would likely cause injury to the Class.
50. Engagement in these conspiratorial acts by the Defendants breached civil liability obligations pursuant to article 1457 CCQ and rendered the Defendants liable to pay damages to the Class which resulted from the conspiracy.

51. Having colluded and conspired to cause said damages, the Defendants are jointly liable for the acts of one another.

V. FACTS GIVING RISE TO AN INDIVIDUAL ACTION BY THE APPLICANTS

(a) Matthew Ranger

52. The Applicant, Matthew Ranger (“**Ranger**”) is a resident of [REDACTED].
53. On or about September 25, 2018, Ranger purchased 1,500 shares of Aphria Inc. at a unit price of \$19.10 per share and an overall cost of \$28,650.00 (paying an additional \$9.95 in commission fees).
54. On or about October 4, 2018, Ranger purchased 118 shares of Aphria Inc. at a unit cost of \$16.94 per share and an overall cost of \$1,998.92 (paying an additional \$9.95 in commission fees).
55. On or about December 7, 2018, Ranger sold 1,618 shares of Aphria Inc. at a unit cost of \$5.10 per share, receiving a total of \$8,251.80 (less \$9.95 in commission fees).
56. As a consequence of the transactions enumerated in the preceding three paragraphs, reflected in the RBC Direct Investing statements communicated herein as **Exhibit P-12**, Ranger incurred a net loss of \$22,397.12 (and paid \$29.85 in fees) on the Aphria Inc. securities.
57. Ranger therefore has suffered, and is justified in claiming, damages which are a direct and proximate result of the Defendants’ conduct including the Misrepresentations.

(b) Caroline Munro

58. The Applicant, Caroline Munro (“**Munro**”), is a resident of [REDACTED].
59. On or about September 24, 2018, Munro purchased 3,274 shares of Aphria Inc. at a unit price of \$19.30 per share and an overall cost of \$63,186.20 (paying an additional \$9.95 in commission fees).
60. On or about December 7, 2018, Munro sold an 3,274 shares of Aphria Inc. at a unit price of \$5.05 per share, receiving a total of \$16,533.70 (less \$9.95 in commission fees).
61. As a consequence of the transactions enumerated in the preceding two paragraphs, reflected in the RBC Direct Investing statements communicated herein as **Exhibit P-13**, Munro incurred a net loss of \$46,652.50 (and paid \$19.90 in fees) on the Aphria Inc. securities.
62. Munro therefore has suffered, and is justified in claiming, damages which are a direct and proximate result of the Defendants’ conduct including the Misrepresentations.

VI. FACTS GIVING RISE TO AN INDIVIDUAL ACTION BY EACH OF THE MEMBERS OF THE CLASS

63. Each member of the Class purchased or otherwise acquired Aphria securities during the Class Period.
64. Thus, each member of the Class shares common claims that are founded on the same underlying facts as the Applicant’s as they pertain to the acts and omissions of the Defendants.

65. Each member of the Class suffered damages directly related to the acts and omissions of the Defendants.

VII. CONDITIONS REQUIRED TO INSTITUTE AN ACTION

(a) The claims of the members of the Class raise identical, similar or related questions of law or fact

66. During the Class Period, Aphria and the Individual Aphria Defendants had legal obligations of periodic and timely disclosure of material facts and changes under the *Securities Act*. They violated those legal obligations.
67. During the Class Period, Aphria and the Individual Aphria Defendants had legal obligations to disclose and correctly state its financial situation in a forthright, honest, truthful, and complete manner. They violated those legal obligations.
68. Additionally, Aphria owed its securities holders duties under article 1457 CCQ. These duties were informed by the *Securities Act* and subsidiary instruments thereof including NI 51-102, NI 52-109, NI 41-101, NI 45-106, NI 52-110, and their related rules and policies.
69. During the Class Period, Aphria and the Individual Aphria Defendants committed a fault in respect of the Class by failing to comply with their duties and responsibilities and by making the Representations pleaded herein.
70. The Individual Aphria Defendants oversaw the preparation and reporting of Aphria's disclosures to the market including the Impugned Documents and knew or should have known of the misleading statements and the omissions of material facts they contained.

71. The Individual Aphria Defendants authorized, permitted or acquiesced to the release of public disclosures including the Impugned Documents during the Class Period by Aphria contained the omissions of material facts and the Misrepresentations.
72. In addition to its direct liability, pursuant to art. 1463 CCQ, Aphria is vicariously liable for the acts or omissions of the Individual Aphria Defendants and its agents and employees because all of the wrongful acts complained of herein were carried out within the scope or guise of their agency or employment.
73. As a result of the Defendants' conduct and their misrepresentations in Aphria's disclosure documents, Aphria's securities traded at artificially inflated prices during the Class Period and the Class acquired those securities at prices that were inflated and did not reflect their true value. When the truth began to emerge, the market price or value of Aphria's securities plummeted, causing significant losses and damages to the Applicants and the Class.
74. In this context, the principle questions of fact and law to be dealt with collectively are the following:
- (a) Did the Impugned Documents contain one or more misrepresentations within the meaning of the *Securities Act*? If so, what documents contained the misrepresentations?
 - (b) Are any of the Defendants liable to the Class or any members thereof under Title VIII, Chapter II, Division II of the *Securities Act*? If so, what Defendant is liable and to whom?
 - (c) Did any of the Defendants owe a duty of diligence or care to the Class, or any members of the Class, under the general private law of Québec? If so, what Defendant owed a duty of diligence or care and to whom?
 - (d) If some or all of the Defendants owed a duty of diligence or care to the Class, or any members of the Class, did any of the Defendants violate such duty of diligence or care and commit a

fault under article 1457 of the CCQ? If so, what Defendant committed a fault and with respect to whom?

- (e) What damages are sustained by the Plaintiffs and the other members of the Class:
 - (i) under general principles of Québec civil law; and
 - (ii) pursuant to the damage calculation provisions of the *Securities Act*?
- (f) Are any of the Defendants liable to the Plaintiffs and the Class, or any of them, for damages? If so, what Defendant is liable, to whom and in what amount?

75. Consequently, the Applicants and the members of the Class seek for this Honourable Court to authorize the following conclusions to the proposed proceedings:

GRANT this class action on behalf of the Class;

GRANT the Plaintiffs' action against the Defendants in respect of the rights of action asserted against the Defendants under Title VIII, Chapter II, Division II of the *Securities Act* and article 1457 of the *Civil Code of Québec*;

CONDEMN the Defendants to pay to the Plaintiffs and the Class compensatory damages for all monetary losses;

ORDER collective recovery in accordance with articles 595 to 598 of the *Code of Civil Procedure*;

THE WHOLE with interest and additional indemnity provided for in the *Civil Code of Quebec* and with full costs and expenses, including expert fees, notice fees and fees relating to administering the plan of distribution of the recovery in this action.

(b) The facts alleged appear to justify the conclusions sought

76. As particularized herein, the Defendants violated their legal obligations and their duties and responsibilities to the Class, and made Misrepresentations to the Class in the

Impugned Documents within the meaning of the *Securities Act*, supporting the Applicants' and the Class' claims.

(c) The composition of the group makes it difficult or impracticable to apply the rules for mandates to take part in judicial proceedings on behalf of others or for consolidation of proceedings

77. Aphria is a multinational corporation traded on two stock exchanges with more than 200 million issued and outstanding shares.
78. There are thousands of investors that could be members of the putative Class, scattered throughout Québec.
79. The names, addresses, and other coordinates of the members of the Class are unknown to the Applicants.
80. In addition, given the costs and risks inherent in an action before the Courts, it can be reasonably anticipated that many people will hesitate to institute an individual action against the Defendants. Even if the Class Members themselves could afford such individual litigation, the Court system could not as it would be overloaded. Furthermore, individual litigation of the factual and legal issues raised by the conduct of Defendants would increase delay and expense to all parties and to the Court system.

(d) The representative plaintiffs are in a position to properly represent the class members

81. The Applicants understand the requirements of time and dedication required of the role as representative plaintiffs and are, individually or together, prepared to devote the required resources to carry forward this proposed class action on behalf of the Class.

82. The Applicants are members of the Class as proposed, having purchased Aphria securities during the Class Period.
83. The Applicants have sustained damages as a consequence of the Misrepresentations and have a direct interest in the outcome of the proceedings.
84. The Applicants have no conflict of interest with other members of the Class.
85. The Applicants are represented by counsel that are experienced at litigating class actions in Québec and across Canada against multinational corporations.

VIII. PLACE OF TRIAL

86. The Applicants suggest that this class action be exercised before the Superior Court in the District of Montréal for the following reasons:
 - (a) The Applicants reside in [REDACTED];
 - (b) Many Class Members are domiciled in the District of Montréal; and
 - (c) The Applicants' counsel has an office in the District of Montréal.

FOR THESE REASONS, MAY IT PLEASE THE COURT TO:

AUTHORIZE the bringing of a class action in the form of an application to institute proceedings in damages;

DECLARE the Class to be:

All persons or entities in Québec who purchased or otherwise acquired Aphria securities between January 20, 2018 and December 4, 2018

inclusively (the “**Class Period**”), and held those securities at the close of trading on December 4, 2018 excluding all Aphria's subsidiaries, affiliates, officers, directors, senior employees, legal representatives, heirs, predecessors, successors and assigns, and any member of the Individual Defendants’ immediate families and any entity in which any of them has or had at a material time a legal or de facto controlling interest;

APPOINT Matthew Ranger and/or Caroline Munro as the representative plaintiff(s) for the Class;

IDENTIFY the questions of fact and law to be dealt with collectively to be:

- (a) Did the Impugned Documents contain one or more misrepresentations within the meaning of the *Securities Act*? If so, what documents contained the misrepresentations?
- (b) Are any of the Defendants liable to the Class or any members thereof under Title VIII, Chapter II, Division II of the *Securities Act*? If so, what Defendant is liable and to whom?
- (c) Did any of the Defendants owe a duty of diligence or care to the Class, or any members of the Class, under the general private law of Québec? If so, what Defendant owed a duty of diligence or care and to whom?
- (d) If some or all of the Defendants owed a duty of diligence or care to the Class, or any members of the Class, did any of the Defendants violate such duty of diligence or care and commit a fault under article 1457 of the CCQ? If so, what Defendant committed a fault and with respect to whom?
- (e) What damages are sustained by the Plaintiffs and the other members of the Class:
 - (i) under general principles of Québec civil law; and
 - (ii) pursuant to the damage calculation provisions of the *Securities Act*?

- (f) Are any of the Defendants liable to the Plaintiffs and the Class, or any of them, for damages? If so, what Defendant is liable, to whom and in what amount?

AUTHORIZE the class action proceeding to seek the following conclusions:

GRANT this class action on behalf of the Class;

GRANT the Plaintiffs' action against the Defendants in respect of the rights of action asserted against the Defendants under Title VIII, Chapter II, Division II of the *Securities Act* and article 1457 of the *Civil Code of Québec*;

CONDEMN the Defendants to pay to the Plaintiffs and the Class compensatory damages for all monetary losses;

ORDER collective recovery in accordance with articles 595 to 598 of the *Code of Civil Procedure*;

THE WHOLE with interest and additional indemnity provided for in the *Civil Code of Quebec* and with full costs and expenses, including expert fees, notice fees and fees relating to administering the plan of distribution of the recovery in this action.

AUTHORIZE these proceedings to include claims arising from secondary market misrepresentations under section 225.4 of the *Securities Act*;

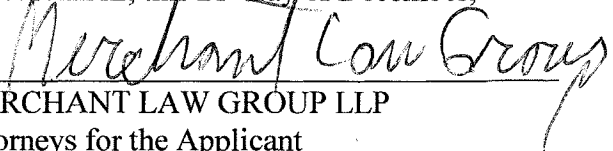
APPROVE the form and manner of dissemination of notice to the members of the Class in the form to be submitted to the Court;

ORDER the publication of the notice to the members of the Class no later than sixty (60) days after the expiry of all applicable appeal periods flowing from the judgment authorizing the class proceedings;

ORDER that the deadline for a member of the Class to exclude themselves from the class action proceedings shall be sixty (60) days from the publication of the notice to the members of the Class;

THE WHOLE WITH COSTS including experts' fees.

MONTREAL, this 21st day of December, 2018


MERCHANT LAW GROUP LLP
Attorneys for the Applicant

SUMMONS
(Articles 145 and following C.C.P.)

Filing of a Judicial Application

Take notice that the Applicants have filed this *Application for Authorization to Institute a Class Action and to Appoint One or More Representative Plaintiffs and for Authorization to Institute an Action Pursuant to Title VIII, Chapter II, Division II of the Securities Act* in the office of the Superior Court of Quebec in the judicial district of Montreal.

Defendants' Answer

You must answer the application in writing, personally or through a lawyer, at the courthouse of Montreal situated at 1 Rue Notre-Dame Street Est, Montréal, Québec, H2Y 1B6, within 15 days of service of the Application or, if you have no domicile, residence or establishment in Québec, within 30 days. The answer must be notified to the Applicant's lawyer or, if the Applicants are not represented, to the Applicants.

Failure to Answer

If you fail to answer within the time limit of 15 or 30 days, as applicable, a default judgement may be rendered against you without further notice and you may, according to the circumstances, be required to pay the legal costs.

Content of Answer

In your answer, you must state your intention to:

- negotiate a settlement;
- propose mediation to resolve the dispute;
- defend the application and, in the cases required by the *Code*, cooperate with the Applicants in preparing the case protocol that is to govern the conduct of the proceeding. The protocol must be filed with the court office in the district specified above within 45 days after service of the summons or, in family matters or if you have no domicile, residence or establishment in Québec, within 3 months after service;
- propose a settlement conference.

The answer to the summons must include your contact information and, if you are represented by a lawyer, the lawyer's name and contact information.

Change of judicial district

You may ask the court to refer the originating Application to the district of your domicile or residence, or of your elected domicile or the district designated by an agreement with the Applicant.

If the application pertains to an employment contract, consumer contract or insurance contract, or to the exercise of a hypothecary right on an immovable serving as your main residence, and if you are the employee, consumer, insured person, beneficiary of the insurance contract or hypothecary debtor, you may ask for a referral to the district of your domicile or residence or the district where the immovable is situated or the loss occurred. The request must be filed with the special clerk of the district of territorial jurisdiction after it has been notified to the other parties and to the office of the court already seized of the originating application.

Transfer of Application to Small Claims Division

If you qualify to act as an Applicant under the rules governing the recovery of small claims, you may also contact the clerk of the court to request that the Application be processed according to those rules. If you make this request, the Applicant's legal costs will not exceed those prescribed for the recovery of small claims.

Calling to a case management conference

Within 20 days after the case protocol mentioned above is filed, the court may call you to a case management conference to ensure the orderly progress of the proceeding. Failing this, the protocol is presumed to be accepted.

Exhibits supporting the application

In support of the *Application for Authorization to Institute a Class Action and to Appoint One or More Representative Plaintiffs and for Authorization to Institute an Action Pursuant to Title VIII, Chapter II, Division II of the Securities Act* the Applicants intend to use the following exhibits:

- Exhibit P-1: Extract from the Ontario Corporate Registry (Aphria Inc.)
- Exhibit P-2: Extract from the *Registraire des entreprises du Québec* (Aphria Inc.)
- Exhibit P-3: Extract from the Ontario Corporate Registry (SOL Global Investments Corp.)
- Exhibit P-4: Victor Neufeld LinkedIn Profile (as at December 19, 2018)
- Exhibit P-5: Aphria News Release - Jan 29 2018
- Exhibit P-6: Aphria News Release - July 17 2018
- Exhibit P-7: Aphria News Release - Sept 27 2018
- Exhibit P-8: Aphria Material Change Report (Form 51-102F3) - Oct 5 2018
- Exhibit P-9: SOL News Release - May 11 2018
- Exhibit P-10: Hindenburg Report - Dec 3 2018


Exhibit P-11: Aphria Inc. Share Price History (January 2, 2018 - December 18, 2018)
Exhibit P-12: RBC Direct Investing History (Aphria Inc.) for Matthew Ranger
Exhibit P-13: RBC Direct Investing History (Aphria Inc.) for Caroline Munro

These Exhibits are available upon request.

Notice of presentation of an application

If the application is an application in the course of a proceeding or an application under Book III, V, excepting an application in family matters mentioned in article 409, or VI of the *Code*, the establishment of a case protocol is not required; however, the application must be accompanied by a notice stating the date and time it is to be presented.

Montreal, December 21st, 2018


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10 rue Notre Dame Est, suite 200
Montréal (Québec) H2Y 1B7

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Fax : 514-842-6687
Email: elowe@merchantlaw.com
Attorneys for the Applicant

NOTICE OF PRESENTATION
(Articles 146 and 574 al.2 C.P.C.)

TO: APHRIA INC.
199 Bay Street
5300 Commerce Court West
Toronto, Ontario M5L 1B9

TO: VICTOR NEUFELD
c/o Aphria Inc.
245 Talbot Street West, Unit 103
Leamington, Ontario N8H 1N8

**TO: SOL GLOBAL
INVESTMENTS CORP.**
100 King Street West
Suite 5600
Toronto, Ontario M5X 1C9

TO: COLE CACCIAVILLANI
c/o Aphria Inc.
245 Talbot Street West, Unit 103
Leamington, ON N8H 1N8

TO: JOHN CERVINI
c/o Aphria Inc.
245 Talbot Street West, Unit
103
Leamington, ON N8H 1N8

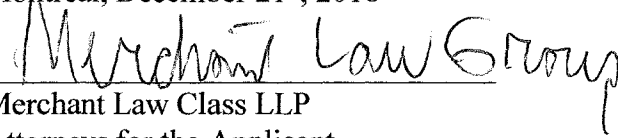
TO: CARL MERTON
c/o Aphria Inc.
245 Talbot Street West, Unit 103
Leamington, ON N8H 1N8

TO: ANDREW DEFRANCESCO
2300 E Las Olas Blvd, 5th Floor
Fort Lauderdale, Florida 33301
United States of America

TAKE NOTICE that the present *Application for Authorization to Institute a Class Action and to Appoint One or More Representative Plaintiffs and for Authorization to Institute an Action Pursuant to Title VIII, Chapter II, Division II of the Securities Act* will be presented before one of the Honourable Judges of the Superior Court of Québec, at the Montreal courthouse, located at 1, rue Notre-Dame Est, in the city and District of Montréal, on the date set by the coordinator of the class actions chamber.

PLEASE ACT ACCORDINGLY.

Montreal, December 21st, 2018


Merchant Law Class LLP
Attorneys for the Applicant

**SUPERIOR COURT
(CLASS ACTION)
DISTRICT OF MONTREAL**

MATTHEW RANGER

-and-

CAROLINE MUNRO

Applicants

- VS -

APHRIA INC.

-and-

SOL GLOBAL INVESTMENTS CORP.

-and-

VICTOR NEUFELD

-and-

COLE CACCIAVILLANI

-and-

JOHN CERVINI

-and-

CARL MERTON

-and-

ANDREW DEFRANCESCO

Respondents

**APPLICATION FOR AUTHORIZATION TO
INSTITUTE A CLASS ACTION AND TO APPOINT
ONE OR MORE REPRESENTATIVE PLAINTIFFS
AND FOR AUTHORIZATION TO INSTITUTE AN
ACTION PURSUANT TO TITLE VIII, CHAPTER II,
DIVISION II OF THE SECURITIES ACT**

ORIGINAL

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