

Court File No.

**ONTARIO
SUPERIOR COURT OF JUSTICE**

COMMERCIAL LIST

IN THE MATTER OF THE *COMPANIES' CREDITORS
ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF JAMES E. WAGNER CULTIVATION
CORPORATION, JAMES E. WAGNER CULTIVATION LTD.,
JWC 1 LTD., JWC 2 LTD., JWC SUPPLY LTD. AND
GROWTHSTORM INC.

(each an "**Applicant**" and collectively, the "**Applicants**")

AFFIDAVIT OF AIDEN NELMS

I, Aiden Nelms, of the city of Toronto, in the Province of Ontario, MAKE OATH AND SAY:

1. This Affidavit is made in support of an urgent Application by James E. Wagner Cultivation Corporation ("**JWC**"), James E. Wagner Cultivation Ltd. ("**JWC Ltd.**"), JWC 1 Ltd. ("**JWC1**"), JWC 2 Ltd. ("**JWC2**"), JWC Supply Ltd. ("**JWCS**") and GrowthStorm Inc. ("**GrowthStorm**", together with JWC, JWC Ltd., JWC1, JWC2 and JWCS, the "**Applicants**") for an Order (the "**Initial Order**") and relief under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**").

2. I am an associate at the law firm of Bennett Jones LLP, insolvency counsel for the Applicants. As such, I have personal knowledge of the matters to which I hereinafter depose in this Affidavit. Where I do not have personal knowledge of the matters set out herein, I have stated the source of my information and, in all cases, believe it to be true.

3. On March 31, 2020, the Applicants served their Application for the Initial Order under the CCAA. Part of the relief sought in connection with the Initial Order is the approval of the DIP Term Sheet (as defined in the Affidavit of Nathan Woodworth sworn March 31, 2020 (the "**Woodworth Affidavit**")). A copy of the DIP Term Sheet is attached hereto as Exhibit "A".

4. The Woodworth Affidavit also references the Stalking Horse APA (as defined in the Woodworth Affidavit). While the Applicants are not seeking any relief in respect of the Stalking Horse APA at this time, they intend to do so at the Comeback Hearing to be scheduled on or prior to April 10, 2020. A copy of the Stalking Horse APA is attached hereto as Exhibit "B".

5. The DIP Term Sheet and the Stalking Horse APA are both described in the Woodworth Affidavit.

6. I swear this Affidavit in support of the Applicants' Application for an Initial Order and for no other improper purpose.

SWORN BEFORE ME at the City of
Collingwood, in the Province of Ontario on
March 31, 2020



Commissioner for Taking Affidavits
(or as may be)

Hayley Larkin



AIDEN NELMS

This is Exhibit _____ *“A”* _____ *referred to in the*
affidavit of _____ Aiden Nelms _____
sworn before me, this _____ 31st _____
day of _____ March, 2020 _____

A COMMISSIONER FOR TAKING AFFIDAVITS

Hayley Larkin

\$4,000,000
INTERIM FINANCING TERM SHEET

March 31, 2020

WHEREAS the Borrower (as defined below) will make an application before the Ontario Superior Court of Justice (Commercial List) (the “**Court**”) to restructure its debts and affairs under the *Companies’ Creditors Arrangement Act* (Canada) (the “**CCAA**”);

AND WHEREAS the Borrower has requested that the Interim Lender (as defined below) provide financing in accordance with the terms and conditions set forth herein to fund certain of the Borrower’s cash requirements during the pendency of the Borrower’s proceedings under the CCAA (the “**CCAA Proceedings**”);

NOW THEREFORE, the parties, for good and valuable consideration (the receipt and sufficiency of which are hereby irrevocably acknowledged), agree as follows:

1. **BORROWER** James E. Wagner Cultivation Corporation (the “**Borrower**”).
2. **LENDER** Trichome Financial Corp. (in its capacity as lender under the Interim Facility, the “**Interim Lender**”).
3. **GUARANTORS** James E. Wagner Cultivation Ltd., JWC 1 Ltd., JWC 2 Ltd., JWC Supply Ltd. and GrowthStorm Inc. (collectively, the “**Guarantors**” and, individually, a “**Guarantor**”).

 The Guarantors, together with the Borrower, are collectively referred to herein as the “**Credit Parties**” and, individually, a “**Credit Party**”.
4. **DEFINED TERMS** Capitalized terms used in this Interim Financing Term Sheet have the meanings given thereto in Schedule A.
5. **PURPOSE** The Borrower shall use the proceeds of the Interim Facility solely for the following purposes and in the following order, in each case during and for the purposes of the Borrower’s pursuit of the CCAA Proceedings:
 - (a) To fund professional fees (including fees of the Monitor, and the Chief Restructuring Officer, and the legal fees of counsel to the Interim Lender, the Credit Parties and the Monitor and the work fees payable to the M&A Advisor (as defined in the SISP)). It is agreed to and acknowledged by the Credit Parties and the Interim Lender that those fees and expenses incurred to the date hereof and

those provided for in the Agreed Budget as of the date hereof are reasonable.

- (b) To fund the payment of interest and other amounts payable under the Interim Facility under this Interim Financing Term Sheet in accordance with the terms hereof.
- (c) To finance operating expenses, restructuring costs in the CCAA Proceedings, and for general corporate purposes of the Borrower and Credit Parties, all in accordance with the Agreed Budget.
- (d) To fund such other costs and expenses as agreed to by the Interim Lender, in writing.

For greater certainty, the Borrower may not use the proceeds of the Interim Facility to pay any pre-filing obligations of the Credit Parties without the prior written consent of the Interim Lender and/or the Monitor; it being agreed by the Interim Lender that such consent is not required for the Credit Parties to pay (i) legal fees and disbursements for the pre-filing period incurred in contemplation of the CCAA Proceedings owing to counsel to the Credit Parties, (ii) taxes, accrued payroll and other ordinary course liabilities, provided that such amounts are included in the Agreed Budget or the DIP Order, or (iii) any other amounts owing by the Credit Parties to the extent specifically identified in the Agreed Budget or the DIP Order.

6. INTERIM FACILITY, MAXIMUM AMOUNT

A super-priority, debtor-in-possession interim, non-revolving credit facility (the “**Interim Facility**”) up to a maximum principal amount of \$4,000,000 (the “**Maximum Amount**”), subject to the terms and conditions contained herein. Advances under the Interim Facility (the “**Interim Advances**”) shall be deposited into the Deposit Account and utilized by the Credit Parties in accordance with the terms hereof.

7. GUARANTEES

All present and future obligations of the Credit Parties under or in connection with this Interim Financing Term Sheet and all other documents in connection with the Interim Facility (collectively, the “**Interim Financing Credit Documentation**”) will be guaranteed by unlimited guarantees by the Guarantors in form and substance satisfactory to the Interim Lender (collectively, the

“**Guarantees**”), which Guarantees form part of the Interim Financing Credit Documentation.

**8. CONDITIONS
PRECEDENT TO
EFFECTIVENESS
AND INTERIM
ADVANCES**

The effectiveness of this Interim Financing Term Sheet shall be subject to the satisfaction of the following conditions precedent, as determined by the Interim Lender:

- (a) The Interim Lender shall have had a reasonable opportunity to review advance copies of, and shall be reasonably satisfied with, all materials to be filed in respect of the CCAA Proceedings.
- (b) The Court shall have issued an order in the CCAA Proceedings (the “**DIP Order**”) on or before April 1, 2020 (the “**Outside Date**”), satisfactory to the Interim Lender and substantially in the form contained in the draft Initial Order attached hereto as Schedule B, on notice to such parties as are acceptable to the Interim Lender, which shall: (i) approve this Interim Financing Term Sheet and the Interim Facility; (ii) grant the Interim Lender a charge (the “**Interim Lender Charge**”) securing all obligations owing by the Credit Parties to the Interim Lender under this Interim Financing Term Sheet and the Interim Financing Credit Documentation (collectively, the “**Interim Financing Obligations**”), including, without limitation, all principal amount of the outstanding Interim Advances, interest thereon and Interim Financing Fees and Expenses, which shall have priority over all Liens other than the Permitted Priority Liens; and (iii) treat the Interim Lender as an unaffected creditor in the CCAA Proceedings;
- (c) The Interim Lender shall have received the Agreed Budget.
- (d) The Interim Lender shall have received a list of the key individuals designated by James E. Wagner Cultivation Ltd. as of the date of the DIP Order pursuant to the *Cannabis Act* (Canada) (the “**Cannabis Act**”), including, without limitation, the Responsible Person,

the Head of Security, the Master Grower and the Quality Assurance Person (as such terms are defined in the Cannabis Act), as well as any and all designated alternates (collectively, the “**Key Individuals**”).

- (e) The Interim Financing Credit Documentation shall be satisfactory to the Interim Lender, acting reasonably, and shall have been executed by the Credit Parties and the Interim Lender.
- (f) The Credit Parties shall have delivered to the Interim Lender, in form and substance satisfactory to the Interim Lender, a general security agreement.
- (g) The Interim Lender shall be satisfied, acting reasonably, that the Credit Parties have complied with and are continuing to comply in all material respects with all applicable laws, regulations, policies and Licenses applicable to the Borrower’s business, other than as may be permitted under a Court Order or as to which any enforcement in respect of non-compliance is stayed by a Court Order, provided the issuance of such Court Order does not result in the occurrence of an Event of Default.
- (h) The Credit Parties shall have paid all statutory liens, trust and other government claims including, without limitation, source deductions.
- (i) The Interim Lender shall have received a list of assets and liabilities of the Credit Parties, in form and substance satisfactory to the Interim Lender, acting reasonably.

Making of each Interim Advance shall be further subject to the satisfaction of the following conditions precedent (collectively, the “**Funding Conditions**”) (provided that the Funding Conditions in paragraphs (b), (c), (e), (f) and (p) shall not be conditions precedent to the initial Interim Advance), as determined by the Interim Lender:

- (a) The DIP Order shall not have been stayed, vacated or otherwise caused to be ineffective or materially amended, restated or modified, without the consent of the Interim Lender.
- (b) The CCAA Court shall have approved the engagement of Howard Steinberg or an entity controlled by him (the “**Chief Restructuring Officer**”) as the chief restructuring officer of the Borrower and the terms of the approval shall be satisfactory to the Interim Lender, acting reasonably;
- (c) The Upfront Fee and all Interim Financing Fees and Expenses for which invoices have been provided to the Borrower shall have been paid, or arrangements satisfactory to the Interim Lender acting reasonably shall have been made to pay such amounts.
- (d) The Credit Parties shall be in compliance with the : (i) DIP Order and any amendments thereto; and (ii) all other orders issued in the Borrower’s CCAA proceedings;
- (e) A SISP acceptable to the Interim Lender, acting reasonably, shall have been approved by the Court in the CCAA Proceedings.
- (f) A key employee retention plan (“**KERP**”) acceptable to the Interim Lender, acting reasonably, shall have been approved by the Court in the CCAA Proceedings within 10 days of the DIP Order or such other date as the Interim Lender may agree.
- (g) The Interim Lender shall be satisfied that the Credit Parties have complied with and are continuing to comply in all material respects with all Licenses, including, for certainty, those issued to the Borrower under the Cannabis Act and the Excise Act, other than as may be permitted under a Court Order or as to which any enforcement in respect of non-compliance is stayed by a Court Order, provided the issuance of such Court Order

does not result in the occurrence of an Event of Default.

- (h) The Credit Parties shall have paid all statutory liens, trust and other government claims including, without limitation, source deductions, except, in each case, for any such amounts that are not yet due and payable or which are in dispute in which case appropriate reserves have been made.
- (i) The Credit Parties shall be in compliance with any timetables established from time to time by them and approved by the Court (if necessary) and the Interim Lender setting out the SISP or any similar process.
- (j) All of the representations and warranties of the Credit Parties as set forth herein shall be true and accurate in all material respects.
- (k) No Default or Event of Default shall have occurred or, if applicable, shall occur as a result of the requested Interim Advance.
- (l) No Material Adverse Change shall have occurred after the date of the issuance of the DIP Order.
- (m) There shall be no Liens ranking in priority to the Interim Lender Charge, other than the Permitted Priority Liens.
- (n) The Interim Lender shall have received a written request for an Interim Advance from the Borrower, substantially in the form attached hereto as Schedule C, which shall be executed by a director or officer of the Borrower, and shall certify, *inter alia*, that (i) the requested Interim Advance is within the Maximum Amount and is consistent with the Agreed Budget, and (ii) the Borrower and the other Credit Parties are in compliance with this Interim Financing Term Sheet and the Court Orders.
- (o) The requested Interim Advance shall not cause the aggregate amount of all outstanding

Interim Advances to exceed the Maximum Amount or be greater than the amount shown on the Agreed Budget as at the date of such Interim Advance.

- (p) The comeback hearing (the “**Comeback Hearing**”) with the Court shall have occurred not more than 10 days after the issuance of the initial order by the Court in the CCAA Proceedings.

For greater certainty, the Interim Lender shall not be obligated to make any Interim Advance or otherwise make available funds pursuant to this Interim Financing Term Sheet unless and until all the foregoing applicable conditions have been satisfied and all the foregoing applicable documentation and confirmations have been obtained (for certainty, each of the same, as applicable, as a condition precedent to each Interim Advance), each in form and content satisfactory to the Interim Lender in its sole discretion (unless specified otherwise).

9. COSTS AND EXPENSES

The Borrower shall pay all of the Interim Lender’s reasonable and documented legal fees (on a solicitor-client, full indemnity basis), out-of-pocket disbursements and any costs of realization or enforcement, in each case in connection with or otherwise related to the Interim Facility, the Interim Lender Charge, the Interim Financing Credit Documentation, or the CCAA Proceedings (collectively, the “**Interim Financing Fees and Expenses**”).

10. INTERIM FACILITY SECURITY AND PRIORITY

All Interim Financing Obligations shall be secured by the Interim Lender Charge, which shall be a super-priority Lien over all Collateral, subordinate only to the Permitted Priority Liens. The Interim Lender Charge shall be approved by the Court on terms and conditions satisfactory to the Interim Lender.

All Collateral will be free and clear of all Liens, except for the Permitted Liens.

Notwithstanding the foregoing, and subject to the concluding sentence of this paragraph, no proceeds of any Interim Advance may be used to (a) investigate, object to or challenge in any way any claims of the Interim Lender against any of the Credit Parties in respect of the Interim Facility or of the Pre-Filing Creditor under the Pre-Filing

Secured Loan Agreement, or (b) investigate, object to or challenge in any way the validity, perfection or enforceability of the Liens created pursuant to the Interim Lender Charge. Nothing in this paragraph shall restrict the Credit Parties or the Monitor, including the engagement by the Monitor of independent legal counsel, from: (i) assessing the validity and enforceability of the Liens in respect of advances under the Pre-Filing Secured Loan Agreement, and (ii) conducting a claims process in accordance with any Court Order.

Subject to the Agreed Budget and other limitations set forth herein, the Borrower may only request and apply Interim Advances through the accounts as agreed to with the Interim Lender. In particular, to the extent that Interim Advances are requested through the account of one Credit Party, they shall be transferred to other Credit Parties solely in the manner consistent with the Agreed Budget. Except as set out in the Agreed Budget, the Borrower shall not effect, and shall not permit to occur, any distribution of funds (whether from proceeds of the Interim Facility or otherwise) from a Credit Party to any subsidiary or affiliate that is not a Credit Party.

11. MONITOR

The court-appointed monitor in the CCAA Proceedings shall be KSV Kofman Inc. (the “**Monitor**”). The Monitor shall be authorized to have direct discussions with the Interim Lender, and the Interim Lender shall be entitled to receive information from the Monitor from time to time.

12. TERM AND MATURITY

The Interim Facility shall be repayable in full on the earlier of: (i) the occurrence of any Event of Default hereunder which is continuing and has not been cured; (ii) the implementation of a plan of compromise or arrangement within the CCAA Proceedings (a “**Plan**”) which has been approved by the requisite majorities of the Credit Parties’ creditors and by an order entered by the Court; (iii) the closing of a Bankruptcy Sale within the CCAA Proceedings which has been approved by orders entered by the Court; (iv) conversion of the CCAA Proceedings into a proceeding under the *Bankruptcy and Insolvency Act* (Canada); and (v) June 30, 2020 (the earliest of such dates being the “**Maturity Date**”).

The commitment in respect of the Interim Facility shall expire on the Maturity Date and all amounts outstanding under the Interim Facility shall be repaid in full no later than the Maturity Date, without the Interim Lender being required

to make demand upon the Borrower or to give notice that the Interim Facility has expired and the obligations are due and payable. The order of the Court sanctioning any Plan shall not discharge or otherwise affect in any way any of the obligations of the Borrower and the Guarantors to the Interim Lender under the Interim Facility, other than after the permanent and indefeasible payment in cash to the Interim Lender of all obligations under the Interim Facility on or before the date the Plan is implemented.

**13. AGREED BUDGET,
REVISED BUDGETS,
AND OTHER
REPORTING**

The Borrower has delivered, and the Interim Lender has accepted, on the date hereof a current weekly line item budget covering the period of at least 60 days following the date of this Interim Financing Term Sheet (together with all updates thereto approved by the Interim Lender in its sole and absolute discretion, including the Revised Budget, the “**Agreed Budget**”). A summarized version of the Agreed Budget is attached hereto as Schedule D. The Agreed Budget sets forth expected receipts and the expected operating and other expenditures to be made during each calendar week and in the aggregate for the period of time covered by the Agreed Budget.

On Wednesday of each week by 5:00 p.m. (Toronto time), commencing on the Wednesday of the calendar week following the Outside Date, the Borrower shall deliver to the Interim Lender: (a) a report showing actual cash receipts and actual expenditures for each line item in the Agreed Budget covering the previous week and comparing the foregoing amounts with the budgeted cash receipts and budgeted expenditures, respectively, set forth in the Agreed Budget for such line item during such one week period, and (b) a one week roll-forward of the Agreed Budget (the “**Revised Budget**”), which shall reflect the Borrower’s good faith projections and be in form and detail consistent with the initial Agreed Budget and subject to the approval of the Interim Lender in its sole discretion.

The Credit Parties shall, on each Variance Testing Date, explain variances exceeding 10% of the Agreed Budget for each material variable line-item of the financial statements that impact the overall consolidated financial results (the “**Budget Variance Report**”).

In addition to reporting required pursuant to section 6.1.17 of the Pre-Filing Secured Loan Agreement, which reporting the Borrower will continue to provide throughout the pendency

of the CCAA Proceedings (other than the reporting required pursuant to Sections 6.1.17.3. and 6.1.17.7 of the Pre-Filing Secured Loan Agreement and provided that the reporting required pursuant to Section 6.1.17.9 of the Pre-Filing Secured Loan Agreement may be redacted for privilege and information relating to the SISP), the Credit Parties shall provide the Interim Lender with non-consolidated income statements and balance sheets on a monthly basis (it being understood that such statements shall be drafts with estimates for inventory and biological asset valuation), no later than 5 days following the prior month-end.

**14. AVAILABILITY
UNDER INTERIM
FACILITY**

Provided that the Funding Conditions are satisfied, as determined by the Interim Lender, acting reasonably, each Interim Advance shall be made by the Interim Lender to the Borrower within two (2) Business Days of delivery by the Borrower to the Interim Lender of a written request for an Interim Advance, substantially in the form attached hereto as Schedule C; provided that, (i) if the DIP Order is obtained on or before 1:00pm (EDT), the initial Interim Advance shall be made on the same Business Day that the Borrower delivers to the Interim Lender a written request for such Interim Advance, and (ii) if the DIP Order is obtained after 1:00pm (EDT), the initial Interim Advance shall be made on the following Business Day that the Borrower delivers to the Interim Lender a written request for such Interim Advance, in each case substantially in the form attached hereto as Schedule C, and in the case of both (i) and (ii) of this proviso, the initial Interim Advance shall be initiated by the Interim Lender as soon as practicable following confirmation that the DIP Order is obtained and delivery by the Borrower to the Interim Lender of a written request for such Interim Advance, substantially in the form attached hereto as Schedule C.

Interim Advances shall be available to the Borrower in Canadian dollars. Each Interim Advance shall be in a minimum aggregate amount that is no less than \$250,000 and in excess thereof in integral multiples of \$50,000.

All proceeds of Interim Advances shall be deposited into the Deposit Account. The Deposit Account shall be subject to the Interim Lender Charge.

The initial Interim Advance shall be in an amount not in excess of \$800,000.

- 15. EVIDENCE OF INDEBTEDNESS** The Interim Lender's accounts and records constitute, in the absence of manifest error, conclusive evidence of the indebtedness of the Borrower to the Interim Lender pursuant to the Interim Facility.
- 16. VOLUNTARY PREPAYMENTS** Provided the Monitor is satisfied that there are sufficient cash reserves in the Credit Parties' bank accounts to satisfy amounts secured by the Permitted Priority Liens and amounts anticipated on the date of the voluntary prepayment under the Agreed Budget in respect of which Interim Advances were made that have not yet been incurred or paid the Borrower may prepay any amounts outstanding or any portion of any amounts outstanding under the Interim Facility at any time prior to the Maturity Date, without any prepayment fee or penalty.
- 17. FEES, INTEREST RATE AND DEFAULT RATE** An upfront fee in the amount of \$120,000 shall be payable to the Interim Lender in connection with the establishment of the Interim Facility (the "**Upfront Fee**"). The Upfront Fee shall be payable within 2 Business Days of the Comeback Hearing.
- The Interim Advances shall bear interest at a rate per annum equal to 10.00%. Such interest shall accrue daily and shall be payable monthly in arrears on each Interest Payment Date for each Interim Advance for the period from and including the date upon which the Interim Lender advances such Interim Advance to the Borrower to and including the day such Interim Advance is repaid or paid, as the case may be, to the Interim Lender, and shall be calculated on the principal amount of each Interim Advance outstanding during such period and on the basis of the actual number of days elapsed in a year of 356 or 366 days, as the case may be.
- Interest shall continue to accrue on amounts outstanding under the Pre-Filing Secured Loan Agreement pursuant to the terms of the Pre-Filing Secured Loan Agreement.
- 18. CURRENCY** Unless otherwise stated, all monetary denominations in this Interim Financing Term Sheet shall be in Canadian dollars.
- 19. REPRESENTATIONS AND WARRANTIES** Each of the Credit Parties jointly and severally represents and warrants to the Interim Lender, which representations and warranties shall be deemed to be repeated at each request for an Interim Advance, and upon which the Interim Lender

relies on entering into this Interim Financing Term Sheet and the other Interim Financing Credit Documentation, that:

- (a) Subject to the granting of the DIP Order, the execution and delivery of, and transactions contemplated by, this Interim Financing Term Sheet and the other Interim Financing Credit Documentation:
 - (i) are within the powers of each of the Credit Parties;
 - (ii) have been duly authorized by all necessary corporate and, if required, shareholder approval of each of the Credit Parties;
 - (iii) have been duly executed and delivered by or on behalf of each of the Credit Parties;
 - (iv) constitute legal, valid and binding obligations of each of the Credit Parties;
 - (v) do not require the consent or approval of, registration or filing with, or any other action by, any Governmental Authority, other than filings which may be made to register or otherwise record the Interim Lender Charge.
- (b) The activities of the Credit Parties have been conducted in material compliance with all applicable provincial, state and federal laws, subject to the provisions of the CCAA and any Court Order, unless: (i) otherwise ordered by the Court, or (ii) the sanctions for non-compliance are stayed by a Court Order.
- (c) Each of the Credit Parties has retained and continues to employ sufficient number of the Key Individuals identified as of the date of the DIP Order as are necessary to maintain the Health Canada Licenses in good standing, or such alternates as are necessary to maintain the Health Canada Licenses in good standing

and which are approved by the Minister of Health from time to time.

- (d) Each of the Credit Parties has maintained its obligations for payroll, source deductions, goods and services tax and harmonized sales tax, as applicable, and is not in arrears in respect of payment of these obligations.
- (e) Each of the Credit Parties has obtained and maintain in good standing each of the material Licenses required from the Governmental Authorities, including, without limitation, pursuant to the Cannabis Act, the Excise Act and the Health Canada Licenses, which are necessary to conduct its business.
- (f) The Agreed Budget is reasonable and prepared in good faith.
- (g) No Default or Event of Default has occurred and is continuing.
- (h) All of the representations and warranties made in the following sections of the Pre-Filing Secured Loan Agreement are true and correct in all material respects as if fully set out in this Interim Financing Term Sheet: 5.1.1 (Status), 5.1.14 (Insurance), and 5.1.25 (Related Party Transactions).
- (i) Schedule 5.1.12 of the Pre-Filing Secured Loan Agreement (as updated in writing by the Borrower to the Lender) sets forth all Material Contracts (as defined therein) of the Credit Parties, true, complete and correct copies of which have been provided to the Lender Interim Lender. All such Material Contracts are unamended.

20. AFFIRMATIVE COVENANTS

Each of the Credit Parties jointly and severally covenants and agrees to perform and do each of the following until the Interim Financing Obligations are permanently and indefeasibly repaid in full and the Interim Facility is terminated:

- (a) (i) Allow the Interim Lender or its respective agents and advisors, on reasonable notice

during regular business hours, to enter on and inspect each of the Credit Parties' assets and properties; (ii) provide the Interim Lender or its respective agents or advisors, on reasonable notice and during normal business hours, full access to the books and records of the Credit Parties; and (iii) cause management of the Credit Parties to fully co-operate with the Interim Lender and the Monitor or their respective agents and advisors, as applicable.

- (b) Keep the Interim Lender and the Monitor apprised on a timely basis of all material developments with respect to the business and affairs of the Credit Parties, including (without limitation) the development of a Plan or a Restructuring Option.
- (c) Deliver to the Interim Lender and keep the Interim Lender apprised on a timely basis of all material correspondence sent to or received from any Governmental Authority, including Health Canada. For greater certainty, all correspondence regarding the Health Canada Licenses is deemed to be material.
- (d) Deliver to the Interim Lender the following reporting packages: (i) documents referred to in Section 13 above, on the dates and times specified in Section 13; (ii) copies of all pleadings, motions, applications, judicial or financial information and other documents to be filed by or on behalf of any Credit Party with the Court, in each case in a reasonable period of time prior to filing such documents with the Court to the extent practicable in the circumstances; (iii) prompt notice of material events, including, without limitation, defaults, new material litigation or changes in status of ongoing material litigation, regulatory and other filings; (iv) other reasonable information requested by the Interim Lender from time to time, (v) prompt notice of any event that could reasonably be expected to result in a Material Adverse Change (vi) copies of all material communications

received from existing or prospective clients, and (vii) without limiting the foregoing, in a timely manner and prior to effecting or incurring such transaction or expense, the Credit Parties shall deliver to the Monitor and the Interim Lender copies of any financial reporting which shows a material transaction or material expense, or a materially adverse financial position of the Credit Parties, which is not reflected in the Agreed Budget, and shall forthwith provide any reports or commentary received from the Monitor in respect of same.

- (e) Use the proceeds of the Interim Facility only for the purposes described in Section 5, and in a manner consistent with the restrictions set out herein.
- (f) Comply with the provisions of the court orders made in the CCAA Proceedings applicable to the Credit Parties (collectively, the “**Court Orders**” and each a “**Court Order**”); provided that if any such Court Order contravenes this Interim Financing Term Sheet or any of the Interim Financing Credit Documentation so as to materially adversely impact the rights or interests of the Interim Lender, as determined by the Interim Lender, the same shall be an Event of Default hereunder.
- (g) Preserve, renew and keep in full force and good standing its respective corporate existence and its respective material licenses, permits, approvals, and other authorizations required in respect of its business, properties, assets or any activities or operations carried out therein, including, without limitation, the Health Canada Licenses, unless otherwise agreed by the Interim Lender.
- (h) Preserve and maintain the security of all regulated inventory (including cannabis) in accordance with the requirements of the

Health Canada Licenses, the Cannabis Act, the Excise Act and other applicable laws.

- (i) Continue to employ some or all of the Key Individuals identified as of the date of the DIP Order as are necessary to maintain the Health Canada Licenses in good standing, or employ such alternate persons in the roles prescribed by the Cannabis Act as are necessary to maintain the Health Canada Licenses in good standing and which are approved by the Minister of Health from time to time.
- (j) Conduct all activities in a manner consistent with the Agreed Budget.
- (k) Forthwith notify the Interim Lender of the occurrence of any Default or Event of Default, including an Updated Budget Default.
- (l) Provide to the Interim Lender regular updates regarding the status of the CCAA Proceedings including, without limitation, reports on the progress of any Plan or Restructuring Option (but excluding reports on any Bankruptcy Sale and the sale process contemplated in the SISP) and any information which may otherwise be confidential, subject to same being maintained as confidential by the Interim Lender; provided however, in no event shall any information subject to privilege be required to be provided to the Interim Lender.
- (m) Comply with the covenants set forth in the following sections of the Pre-Filing Secured Loan Agreement: 6.1.4 (Insurance), 6.1.5 (Compliance with Applicable Law and Contracts) (provided that a breach of a Material Contract resulting from the insolvency of a Credit Party shall be deemed not to be a breach of this covenant), 6.1.14 (Payment of Taxes), 6.3.4 (Material Contracts) (provided that a breach of a Material Contract resulting from the insolvency of a Credit Party shall be deemed

not to be a breach of this covenant), 6.3.12 (Material Authorizations) (provided that an amendment or supplement to a Material Authorization shall be permitted if prior written notice is given to the Interim Lender of same and same is required to maintain such Material Authorization in good standing), and 6.3.16 (Affiliate Transactions).

- (n) Within 7 days hereof, deliver insurance certificates to the Interim Lender naming the Interim Lender as mortgagee and loss payee on all property insurance and an additional insured on all liability insurance, which insurance certificates and its terms shall be satisfactory to the Interim Lender, acting reasonably.

21. NEGATIVE COVENANTS

Each of the Credit Parties jointly and severally covenants and agrees not to do the following, other than with the prior written consent of the Interim Lender:

- (a) Transfer, lease, farm-out or otherwise dispose of all or any part of its property, assets or undertaking, except for Permitted Dispositions, without the prior written consent of the Interim Lender.
- (b) Make any investments or acquisitions of any kind, direct or indirect, in any business or otherwise other than as expressly provided for, or permitted to be incurred, in the Agreed Budget and the Court Orders.
- (c) Make any payments or distributions of any kind, including payments of principal and interest in respect of existing (pre-filing) debt or obligation, other than as may be permitted by a Court Order and that does not result in an Event of Default and is provided for in the Agreed Budget.
- (d) Create or permit to exist indebtedness (including guarantees thereof or indemnities or other financial assistance in respect thereof) other than (i) existing (pre-filing) debt, (ii) debt contemplated by this Interim

Financing Term Sheet, (iii) post-filing trade payables or other post-filing unsecured obligations incurred in the ordinary course of business in accordance with the Agreed Budget and any Court Order, and (iv) obligations or indebtedness expressly provided for, or permitted to be incurred, in the Agreed Budget and the Court Orders.

- (e) Make or give any additional financial assurances, in the form of bonds, letters of credit, guarantees or otherwise, to any person (including, without limitation, any Governmental Authority).
- (f) Create, permit to exist or seek or support a motion by another party to provide to any third party a Lien on the Collateral, other than the Permitted Liens.
- (g) Change its name, amalgamate, consolidate with or merge into, or enter into any similar transaction with any other entity.
- (h) Cease (or threaten to cease) to carry on their business or activities as currently being conducted or modify or alter in any material manner the nature and type of their operations, business or the manner in which such business is conducted.
- (i) Amend, replace or modify the Agreed Budget other than in accordance with the terms of this Interim Financing Term Sheet.
- (j) Apply for, or consent to, any Court Orders or any change or amendment to any Court Order which affects the Interim Lender, without the prior consent of the Interim Lender.
- (k) Commence, continue or seek court approval of any other restructuring transaction that will not repay the Interim Lender in full without the prior written consent of the Interim Lender, in its sole discretion.
- (l) Enter into any contract or other agreement which involves potential expenditures in

excess of \$50,000 in any fiscal year without the prior written consent of the Interim Lender.

22. INDEMNITY AND RELEASE

The Credit Parties agree, on a joint and several basis, to indemnify and hold harmless the Interim Lender and its respective directors, officers, employees, agents, attorneys, advisors and affiliates (all such persons and entities being referred to herein as “**Indemnified Persons**”) from and against any and all actions, suits, proceedings (including any investigations or inquiries), claims, losses, damages, liabilities or expenses of any kind or nature whatsoever (excluding indirect or consequential damages and claims for lost profits) which may be incurred by or asserted against or involve any Indemnified Person (collectively, “**Claims**”) as a result of or arising out of or in any way related to or resulting from the Interim Facility, this Interim Financing Term Sheet or any other Interim Financing Credit Documentation (regardless of whether such Claim is made in the CCAA Proceedings or any other proceeding, including a bankruptcy or insolvency proceeding) and, upon demand, to pay and reimburse any Indemnified Person for any legal or other out-of-pocket expenses incurred in connection with investigating, defending or preparing to defend any such action, suit, proceeding (including, without limitation, any inquiry or investigation) or claim (whether or not any Indemnified Person is a party to any action or proceeding out of which any such expenses arise); provided, however, the Credit Parties shall not be obligated to indemnify pursuant to this paragraph any Indemnified Person against any loss, claim, damage, expense or liability (a) to the extent it resulted from the gross negligence, bad faith or wilful misconduct of such Indemnified Person as finally determined by a court of competent jurisdiction, or (b) to the extent arising from any dispute solely among Indemnified Persons other than any claims arising out of any act or omission on the part of a Credit Party. The Credit Parties shall not be responsible or liable to any Indemnified Person or any other person for consequential or punitive damages. Each of the Indemnified Persons undertakes to repay any and all amounts paid to such Indemnified Person in accordance with this Section 22 if it is ultimately determined that such Indemnified Person is not entitled to be indemnified therefor.

The indemnities granted under this Interim Financing Term Sheet shall survive any termination of the Interim Facility.

23. EVENTS OF DEFAULT

The occurrence of any one or more of the following events without the Interim Lender's written consent shall constitute an event of default ("**Event of Default**") under this Interim Financing Term Sheet:

- (a) the issuance of an order of the Court (including any Court Order) or any other court of competent jurisdiction:
 - (i) dismissing the CCAA Proceedings, or lifting the stay in the CCAA Proceedings to permit (A) the enforcement of any Lien against a Credit Party, or a material portion of their respective property, assets or undertaking, or (B) the appointment of a receiver and manager, receiver, interim receiver or similar official, or substituting the Monitor or enhancing any monitor's powers, or the making of a bankruptcy order against a Credit Party; granting any Lien which is senior to or *pari passu* with the Interim Lender Charge, other than the Priority Charges;
 - (ii) staying, reversing, vacating or otherwise modifying any Interim Financing Credit Documentation or any Court Order in a manner materially adverse to the interests of the Interim Lender, as determined by the Interim Lender; or
 - (iii) directing any Credit Party to pay any post-employment benefits;
- (b) the filing of any pleading by any Credit Party seeking any of the matters set forth in paragraph (a) above, or failure of the Credit Parties to diligently oppose any party that brings an application or motion for the relief set out in paragraph (a) above;
- (c) failure of any of the Credit Parties to comply with any of the negative covenants in this Interim Financing Term Sheet or in any other

Interim Financing Credit Documentation, and to the extent such Default is capable of being remedied, such Default shall continue unremedied for a period of three (3) Business Days;

- (d) any update in the Revised Budget or Budget Variance Report (i) contemplates or forecasts an adverse change or changes from the then-existing Agreed Budget, and such change(s) constitute a Material Adverse Change or (ii) contemplates or forecasts a cash flow deficit in excess of \$100,000 prior to the Maturity Date, without the Interim Lender's approval (each, an “**Updated Budget Default**”);
- (e) the occurrence of a Material Adverse Change;
- (f) any representation or warranty by a Credit Party in this Interim Financing Term Sheet or in any other Interim Financing Credit Documentation is incorrect or misleading in any material respect;
- (g) the aggregate amount of the outstanding Interim Advances under the Interim Facility exceeds the Maximum Amount;
- (h) any material violation or breach of any Court Order;
- (i) any proceeding, motion or application is commenced or filed by any of the Credit Parties, or if commenced by another party, supported or otherwise consented to by any Credit Party, (i) seeking the invalidation, subordination or other challenging of the terms of the Interim Facility, the Interim Lender Charge, this Interim Financing Term Sheet or any of the other Interim Financing Credit Documentation; (ii) challenging the validity, priority, perfection or enforceability of the Liens created pursuant to the Interim Lender Charge; or (iii) unless the Plan or Restructuring Option provides for repayment in full of the Interim Facility, seeking the approval of any Plan or Restructuring Option

which does not have the prior written consent of the Interim Lender;

- (j) the priority of the Liens created pursuant to the Interim Lender Charge is varied without the consent of the Interim Lender;
- (k) any Plan is sanctioned or any Restructuring Option is consummated by any of the Credit Parties that is not consistent with or contravenes any provision of this Interim Financing Term Sheet or any of the other Interim Financing Credit Documentation, in a manner that is materially adverse to the interests of the Interim Lender, as determined by the Interim Lender, or would reasonably be expected to materially adversely affect the interests of the Interim Lender, as determined by the Interim Lender, unless the Interim Lender has consented thereto;
- (l) the failure of any Credit Party to maintain in good standing each of the Health Canada Licenses and such Default shall remain unremedied for a period of five (5) Business Days;
- (m) the failure of any Credit Party to continue to employ the Key Individuals identified as of the date of the DIP Order on terms sufficient to maintain the Licenses in good standing, or to employ such alternate persons in the roles prescribed by the Cannabis Act as are necessary to maintain the Licenses in good standing and which are approved by the Minister of Health from time to time;
- (n) the failure of any Credit Party to make expenditures or pay damages, fines, claims, costs or expenses to remediate, in respect of any Environmental Liabilities, required by any Governmental Authority, except as set out in the Agreed Budget, or as otherwise agreed to in writing by the Interim Lender, and such Default shall remain unremedied for

- a period of three (3) Business Days after such amount is due;
- (o) failure of the Borrower to pay any principal amount owing under this Interim Financing Term Sheet when due;
 - (p) failure of the Borrower to pay any interest or fees or any portion thereof owing under this Term Sheet or any other Interim Financing Credit Documentation when due and such Default shall remain unremedied for a period of three (3) Business Days after written notice from the Interim Lender to the Borrower that such amount is overdue;
 - (q) failure of any Credit Party to perform or comply with any other term or covenant under this Interim Financing Term Sheet or any other Interim Financing Credit Documentation, and such Default shall continue unremedied for a period of five (5) Business Days;
 - (r) any Credit Party commences an action or takes any other proceeding to obtain any form of relief against the Interim Lender, the Pre-Filing Creditor or any of their affiliates, including, without limitation, a proceeding to recover damages or to obtain payment of any amounts purported to be owing by the Interim Lender, the Pre-Filing Creditor or any of their affiliates to any Credit Party or any affiliate thereof, if the Interim Lender, the Pre-Filing Creditor or any of their affiliates disputes any of the same;
 - (s) the SISP is not approved by the Court within 10 days of the issuance of the initial order by the Court in the CCAA Proceedings;
 - (t) failure of any of the Credit Parties to meet the milestones set out in the SISP which are capable of being performed by the Credit Parties; and

- (u) the Credit Parties seek to, or consent to, any amendment to the SISP without the prior written consent of the Interim Lender.

24. REMEDIES

Upon the occurrence of an Event of Default, and subject to the Court Orders, the Interim Lender may, in its sole and absolute discretion, elect to terminate its commitment to make Interim Advances to the Borrower hereunder and declare the obligations in respect of this Interim Financing Credit Documentation to be immediately due and payable and cease making any further Interim Advances. Without limiting the foregoing remedies, upon the occurrence of an Event of Default, the Interim Lender may, in its sole and absolute discretion, elect to permanently reduce the Maximum Amount. In addition, upon the occurrence of an Event of Default, the Interim Lender may, in its sole and absolute discretion, subject to any Court Order:

- (a) apply to a court for the appointment of a receiver, an interim receiver or a receiver and manager over the Collateral to substitute the Monitor and/or enhance any powers of the Monitor, or for the appointment of a trustee in bankruptcy of the Credit Parties;
- (b) set-off or combine any amounts then owing by the Interim Lender to any of the Credit Parties against the obligations of any of the Credit Parties to the Interim Lender hereunder or under any other Interim Financing Credit Documentation;
- (c) apply to the Court for an order or orders, on terms satisfactory to the Monitor and the Interim Lender, providing the Monitor with the power, in the name of and on behalf of the Credit Parties, to take all necessary steps in the CCAA Proceedings;
- (d) subject to obtaining prior approval from the Court, exercise the powers and rights of a secured party under the *Personal Property Security Act* (Ontario), or any legislation of similar effect; and
- (e) subject to obtaining prior approval from the Court, exercise all such other rights and

remedies under the Interim Financing Credit Documentation, the Court Orders and applicable law.

The rights and remedies of the Interim Lender under this Interim Financing Term Sheet are cumulative and are in addition to and not in substitution for any other rights and remedies available at law or in equity or otherwise, including under the CCAA in the CCAA Proceedings.

25. TAXES, YIELD PROTECTION AND INCREASED COSTS

All repayments and prepayments of the Interim Advances will be made free and clear of any taxes, levies, imposts, duties, charges, fees, deductions or withholdings of any kind or nature whatsoever or any interest or penalties payable with respect thereto now or in the future imposed, levied, collected, withheld or assessed by any country or any political subdivision of any country (collectively “**Taxes**”). If any Taxes are required by applicable law to be withheld (“**Withholding Taxes**”) from any amount payable to the Interim Lender under this Interim Financing Term Sheet, the amount so payable to the Interim Lender shall be increased to the extent necessary to yield to the Interim Lender, on a net basis after payment of all Withholding Taxes, the amount payable under this Interim Financing Term Sheet at the rate or in the amount specified herein, and the Borrower shall provide evidence satisfactory to the Interim Lender that the Taxes have been so withheld and remitted.

If the Credit Parties pay an additional amount to the Interim Lender to account for any deduction or withholding, the Interim Lender shall reasonably cooperate with the applicable Credit Parties to obtain a refund of the amounts so withheld, including filing income tax returns in applicable jurisdictions, claiming a refund of such tax and providing evidence of entitlement to the benefits of any applicable tax treaty. The amount of any refund so received, and interest paid by the tax authority with respect to any refund, shall be paid over by the Interim Lender to the applicable Credit Parties promptly. If reasonably requested by the Credit Parties, the Interim Lender shall apply to the relevant taxing authority to obtain a waiver from such withholding requirement, and the Interim Lender shall cooperate with the applicable Credit Parties and assist such Credit Parties to minimize the amount of deductions or withholdings required.

The Borrower will reimburse the Interim Lender for any costs incurred by the Interim Lender in performing its

obligations under the Interim Financing Credit Documentation resulting from any change in law, including, without limitation, any reserve or special deposit requirements or any tax or capital requirements or any change in the compliance of the Interim Lender therewith that has the effect of increasing the cost of funding to the Interim Lender or reducing its effective rate of return on capital.

- 26. INTERIM LENDER'S APPROVALS** Any consent, approval, instruction or other expression of the Interim Lender shall be in the Interim Lender's sole and absolute discretion, unless otherwise provided in this Interim Financing Term Sheet and shall to be delivered by any written instrument, including by way of electronic mail, by the Interim Lender, or its counsel, pursuant to the terms of this Interim Financing Term Sheet.
- 27. TERMINATION BY THE CREDIT PARTIES** At any time following the indefeasible payment in full in immediately available funds of all of the outstanding Interim Financing Obligations, the Credit Parties shall be entitled to terminate this Interim Financing Term Sheet upon notice to the Interim Lender.
- 28. AMENDMENTS, WAIVERS, ETC.** No amendment or waiver of any provisions of this Interim Financing Term Sheet and any other Interim Financing Credit Documentation or consent to any departure by the Credit Parties from any provision thereof is effective unless it is in writing and signed by the Interim Lender (and in the case of amendments, the Credit Parties). Such amendment, waiver or consent shall be effective only in the specific instance and for the specific purpose for which it is given.
- 29. ASSIGNMENT** The Interim Lender may assign this Interim Financing Term Sheet and its rights and obligations hereunder, in whole or in part, or grant a participation in its respective rights and obligations hereunder, (i) at any time to an affiliate; (ii) to any person acceptable to the Interim Lender in its sole and absolute discretion with the prior written consent of the Monitor (subject in all cases to providing the Monitor with reasonable evidence that such assignee has the financial capacity to fulfill the obligations of the applicable Interim Lender hereunder). None of this Interim Financing Term Sheet, any other Interim Financing Credit Documentation nor any right or obligation hereunder may be assigned by any Credit Party.

- 30. COUNTERPARTS AND FACSIMILE SIGNATURES** This Interim Financing Term Sheet and any other Interim Financing Credit Documentation may be executed in any number of counterparts and by electronic transmission, each of which when executed and delivered shall be deemed to be an original and all of which when taken together shall constitute one and the same instrument. Any party may execute this Interim Financing Term Sheet by signing any counterpart of it.
- 31. CONFIDENTIALITY** This Interim Financing Term Sheet and all other Interim Financing Credit Documentation are delivered on the condition that each of the Credit Parties and their affiliates shall not disclose such documents or the substance of the financing arrangements proposed therein to any person or entity outside of their respective organizations, except to those professional advisors who are in a confidential relationship with them and as required in connection with any court filing in the CCAA Proceedings.
- 32. FURTHER ASSURANCES** Each of the parties hereto shall execute and deliver such additional documents, instruments, conveyances and assurances and take such further actions as may be reasonably required to carry out the provisions hereof and in each of the other Interim Financing Credit Documentation and give effect to the transactions contemplated hereby and thereby.
- 33. TIME IS OF THE ESSENCE** Time is of the essence in this Interim Financing Term Sheet.
- 34. ENTIRE AGREEMENT** The Interim Financing Credit Documentation constitute the entire agreement between the parties hereto pertaining to the matters therein set forth and supersede and replace any prior understandings or arrangements pertaining to the Interim Facility. There are no warranties, representations or agreements between the parties in connection with such matters except as specifically set forth or referred to in the Interim Financing Credit Documentation.
- 35. SEVERABILITY** Each of the provisions contained in this Interim Financing Term Sheet is distinct and severable and a declaration of invalidity, illegality or unenforceability of any such provision or part thereof by a court of competent jurisdiction shall not affect the validity or enforceability of any other provision hereof.

**36. NO THIRD-PARTY
BENEFICIARY**

No person, other than the Credit Parties, the Interim Lender and the Indemnified Persons, is entitled to rely upon this Interim Financing Term Sheet and the parties expressly agree that this Interim Financing Term Sheet does not confer rights upon any other party.

**37. JOINT AND
SEVERAL**

The obligations of the Credit Parties hereunder are joint and several.

38. NOTICES

Any notice, request or other communication hereunder to any of the parties shall be in writing and be well and sufficiently given if delivered in accordance with the notice provisions set out in the Pre-Filing Secured Loan Agreement in addition to the notice provisions set forth below:

In the case of the Credit Parties:

James E. Wagner Cultivation Corporation
PO Box 46015
Kitchener, Ontario
N2E 4J3

Attention: Nathan Woodworth
Email: nathan@jwcmed.com

With a copy to:

Bennett Jones LLP
3400 – 100 King Street West
Toronto, ON M5X 1A4

Attention: Sean Zweig
Email: zweigs@bennettjones.com

In the case of the Interim Lender:

Trichome Financial Corp.
150 King Street West, Suite 200
Toronto, ON M5H 1J9

Attention: Michael Ruscetta & Dan Cohen
Email: mruscetta@trichomefinancial.com &
dcohen@trichomefinancial.com

with a copy to:

Torys LLP
Suite 3000, 79 Wellington Street W

- 29 -

Box 270, TD Centre
Toronto, ON M5K 1N2

Attention: Scott Bomhoff
Email: sbomhoff@torys.com

In the case of the Monitor:

KSV Kofman Inc.
150 King Street West, Suite 2308
Toronto, Ontario, M5H 1J9

Attention: Bobby Kofman & Noah Goldstein
Email: bkofman@ksvadvisory.com &
ngoldstein@ksvadvisory.com

with copy to:

Davies Ward Phillips & Vineberg LLP
155 Wellington Street West, 40th Floor
Toronto, ON, M5V 3J7

Attention: Robin Schwill & Natalie Renner
Email: rschwill@dwpv.com &
nrenner@dwpv.com

39. GOVERNING LAW

This Interim Financing Credit Documentation shall be governed by, and construed in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein.

IN WITNESS WHEREOF the parties hereto have executed this Agreement.


BORROWER:

JAMES E. WAGNER CULTIVATION CORPORATION

By: _____
Name:
Title:

INTERIM LENDER:

TRICHOME FINANCIAL CORP.

By:  _____
Name:
Title:

GUARANTORS:

JAMES E. WAGNER CULTIVATION LTD.

By: _____
Name:
Title:

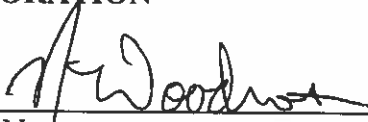
JWC 1 LTD.

By: _____
Name:
Title:

IN WITNESS WHEREOF the parties hereto have executed this Agreement.

BORROWER:

JAMES E. WAGNER CULTIVATION CORPORATION

By: 
Name:
Title:

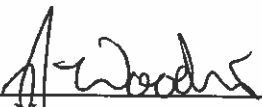
INTERIM LENDER:

TRICHOME FINANCIAL CORP.


By: _____
Name:
Title:

GUARANTORS:


JAMES E. WAGNER CULTIVATION LTD.

By: 
Name:
Title:

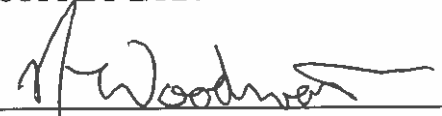
JWC 1 LTD.

By: 
Name:
Title:


JWC 2 LTD

By: 
Name:
Title:

JWC SUPPLY LTD.

By: 
Name:
Title:

GROWTHSTORM INC.

By: 
Name:
Title:

SCHEDULE A
DEFINED TERMS

“**Administration Charge**” means the administration charge on the Collateral in an aggregate amount not to exceed \$500,000.

“**Agreed Budget**” has the meaning given thereto in Section 13.

“**Bankruptcy Sale**” means the sale of all or substantially all of the assets of the Borrower pursuant to a sale approved by the Court.

“**Borrower**” has the meaning given thereto in Section 1.

“**Budget Variance Report**” has the meaning given thereto in Section 13.

“**Business Day**” means a day, excluding Saturday and Sunday, on which banks are generally open for business in the Province of Ontario.

“**Cannabis Act**” has the meaning given there in Section 8.

“**CCAA**” has the meaning given thereto in the preamble.

“**CCAA Proceedings**” has the meaning given thereto in the preamble.

“**Chief Restructuring Officer**” has the meaning given thereto in Section 8.

“**Claims**” has the meaning given thereto in Section 22.

“**Collateral**” means all present and future assets and property of the Credit Parties, real and personal, tangible or intangible, and whether now owned or which are hereafter acquired or otherwise become the property of a Credit Party.

“**Court**” has the meaning given thereto in the preamble.

“**Court Order**” and “**Court Orders**” have the meanings given thereto in Section 20(f).

“**Credit Parties**” has the meaning given thereto in Section 3.

“**D&O Charge**” means the directors and officers charge on the Collateral in an aggregate amount not to exceed \$1,000,000.

“**Default**” means any event or condition which, with the giving of notice, lapse of time or upon a declaration or determination being made (or any combination thereof), would constitute an Event of Default.

“**Deposit Account**” means the account(s) maintained by the Credit Parties to which payments and transfers under the Interim Financing Term Sheet are to be affected, which are specified in

writing by the Borrower to the Interim Lender, or such other account or accounts as the Borrower may from time to time designate by written notice to the Interim Lender.

“**DIP Order**” has the meaning given thereto in Section 8.

“**Environmental Liabilities**” means all liabilities, obligations, responses, remedial and removal costs, investigation and feasibility study costs, capital costs, operation and maintenance costs and other costs and expenses, including fines, penalties, sanctions and interest incurred as a result of or related to any claim, investigation, proceeding or demand of any Governmental Authority against any of the Credit Parties including, without limitation, arising under or related to any law relating to the environment or in connection with any substance which is or is deemed under any applicable law to be, alone or in combination, hazardous, hazardous waste, toxic, a pollutant, a contaminant or source of pollution or contamination whether on, at, in, under, from or about or in the vicinity of any real or personal property owned by any of the Credit Parties, or any real or personal property that was previously owned, leased or occupied by any of the Credit Parties.

“**Excise Act**” has the meaning given thereto in the definition of License below.

“**Event of Default**” has the meaning given thereto in Section 23.

“**Funding Conditions**” has the meaning given there in Section 8.

“**Governmental Authority**” means any federal, provincial, state, regional, municipal or local government or any department, agency, board, tribunal or authority thereof or other political subdivision thereof and any entity or person exercising executive, legislative, judicial, regulatory or administrative functions of, or pertaining to, government or the operation thereof.

“**Guarantors**” has the meaning given thereto in Section 3.

“**Health Canada Licenses**” means all material Licenses related to cannabis and issued by Health Canada, including material Licenses to plant, grow, cultivate, extract, produce, process, store, destroy, sell, provide, ship, deliver, transport and/or distribute cannabis under applicable law, including without limitation License Nos. LIC-S0SIOQZD8S-2020 and LIC-GHASXLI39D-2019-2.

“**Indemnified Persons**” has the meaning given thereto in Section 22.

“**Interest Payment Date**” means the **last** day of each month; provided that, in any case, on the Maturity Date or, if applicable, any earlier date on which the Interim Facility is fully cancelled or permanently reduced in full, shall be an Interest Payment Date with respect to all Interim Advances then outstanding under the Interim Facility.

“**Interim Advance**” and “**Interim Advances**” have the meanings given thereto in Section 6.

“**Interim Facility**” has the meaning given thereto in Section 6.

“**Interim Financing Credit Documentation**” has the meaning given thereto in Section 7.

“**Interim Financing Fees and Expenses**” has the meaning given thereto in Section 9.

“**Interim Financing Obligations**” has the meaning given thereto in Section 8.

“**Interim Lender**” has the meaning given thereto in Section 2.

“**Interim Lender Charge**” has the meaning given thereto in Section 8.

“**KERP**” has the meaning given thereto in Section 8.

“**Key Individuals**” has the meaning given there in Section 8.

“**Licenses**” means all applications, licenses, certificates, permits, registrations and authorizations of any kind applicable to the Borrower’s business, including, for certainty, those issued to the Borrower under the *Cannabis Act* and the *Excise Act, 2001* (Canada) (the “**Excise Act**”).

“**Liens**” means all mortgages, charges, pledges, hypothecs, assignments by way of security, conditional sales or other title retention arrangements, security created under the *Bank Act* (Canada), liens, encumbrances, security interests or other interests in property, howsoever created or arising, whether fixed or floating, perfected or not, which secure payment or performance of an obligation and, including, in any event:

- (a) deposits or transfers of cash, marketable securities or other financial assets under any agreement or arrangement whereby such cash, securities or assets may be withdrawn, returned or transferred only upon fulfilment of any condition as to the discharge of any other indebtedness or other obligation to any creditor;
- (b) (i) rights of set-off or (ii) any other right of or arrangement of any kind with any creditor, which in any case are made, created or entered into, as the case may be, for the purpose of or having the effect (directly or indirectly) of (A) securing indebtedness, (B) preferring some holders of indebtedness over other holders of indebtedness or (C) having the claims of any creditor be satisfied prior to the claims of other creditors with or from the proceeds of any properties, assets or revenues of any kind now owned or later acquired (other than, with respect to (C) only, rights of set-off granted or arising in the ordinary course of business); and
- (c) absolute assignments of accounts receivable, in each of the foregoing cases, granted by the Credit Parties or against the Collateral.

“**Material Adverse Change**” means any event, circumstance, occurrence or change which, individually or in the aggregate, results, or which could reasonably be expected to result, in a material adverse change in:

- (a) the ability of any Credit Party to perform any material obligation under this Interim Financing Term Sheet and any other Interim Financing Credit Documentation or any Court Order, or the ability of any Credit Party to carry out a Plan or Restructuring Option;

- (b) the validity or enforceability of any of the Interim Lender Charge or the ranking of any of the Liens granted thereby or the material rights or remedies intended or purported to be granted to the Interim Lender under or pursuant to such Interim Lender Charge; or
- (c) the business, operations, assets, condition (financial or otherwise) or results of operations of the Credit Parties, on a consolidated basis.

“**Maturity Date**” has the meaning given thereto in Section 12.

“**Maximum Amount**” has the meaning attributed thereto in Section 6.

“**Monitor**” has the meaning given thereto in Section 11.

“**Outside Date**” has the meaning given thereto in Section 8.

“**Permitted Disposition**” means (i) inventory sold, leased or disposed of in the ordinary course of business, (ii) obsolete equipment which is being replaced with equipment of an equivalent value, (iii) assets sold, leased or disposed of during a fiscal year having an aggregate fair market value not exceeding \$100,000 for such fiscal year, and (iv) any other sale, lease or disposition expressly provided for, or permitted to be incurred, in the Agreed Budget and the Court Orders.

“**Permitted Liens**” means (i) the Interim Lender Charge; (ii) any charges created under the DIP Order or other order of the Court in the CCAA Proceedings subsequent in priority to the Interim Lender Charge, the limit and priority of each of which shall be acceptable to the Interim Lender in its discretion; (iii) valid and perfected Liens existing prior to the date hereof; (iv) inchoate statutory Liens arising after the Outside Date in respect of any accounts payable arising after the Outside Date in the ordinary course of business, provided to pay all such amounts are paid as and when due; and (v) the Permitted Priority Liens.

“**Permitted Priority Liens**” means: (a) the Priority Charges; (b) statutory super-priority Liens for unpaid employee source deductions; (c) Liens for unpaid municipal or county property taxes or utilities to the extent that are given first priority over other Liens by statute; and (d) such other Liens as may be agreed to in writing by the Interim Lender. For greater certainty, except as expressly set forth herein, Liens arising from the construction, repair, maintenance and/or improvement of real or personal property, shall not be “**Permitted Priority Liens**”.

“**Plan**” has the meaning given thereto in Section 12.

“**Pre-Filing Creditor**” means Trichome Financial Corp., as the lender under the Pre-Filing Secured Loan Agreement.

“**Pre-Filing Secured Loan Agreement**” means the amended and restated loan agreement dated November 6, 2019, between James E. Wagner Cultivation Corporation, as borrower and Trichome Financial Corp., as lender, as amended on January 9, 2020, February 19, 2020 and March 10, 2020, as may be further amended, supplemented or otherwise modified.

“**Priority Charges**” means the Administration Charge and the D&O Charge.

“Restructuring Option” means any transaction involving the refinancing of a Credit Party, the sale of all or substantially all of the assets of any Credit Party or any other restructuring of the Credit Parties’ businesses and operations, including any liquidation, bankruptcy or other insolvency proceeding in respect of any of Credit Party.

“Revised Budget” has the meaning given thereto in Section 13.

“SISP” means a sale and investor solicitation process.

“Updated Budget Default” has the meaning given thereto in Section 23(d).

“Upfront Fee” has the meaning given thereto in Section 17.

“Variance Testing Date” means, collectively, the second Wednesday occurring after the Outside Date and each Wednesday thereafter.

SCHEDULE B
FORM OF INITIAL ORDER

Court File No.

**ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST**

THE HONOURABLE MR.)	WEDNESDAY, THE 1 ST
)	
JUSTICE HAINEY)	DAY OF APRIL, 2020

IN THE MATTER OF THE *COMPANIES' CREDITORS
ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF JAMES E. WAGNER CULTIVATION
CORPORATION, JAMES E. WAGNER CULTIVATION LTD.,
JWC 1 LTD., JWC 2 LTD., JWC SUPPLY LTD. AND
GROWTHSTORM INC.

(collectively, the "**Applicants**" and each an "**Applicant**")

INITIAL ORDER

THIS APPLICATION, made by the Applicants, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the affidavit of Nathan Woodworth sworn March 31, 2020 and the Exhibits thereto, and on being advised that Trichome Financial Corp., Lind Global Macro Fund, LP and the other secured creditors of the Applicants who are likely to be affected by the charges created herein were given notice, and on hearing the submissions of counsel for the Applicants, KSV Kofman Inc. ("**KSV**"), the DIP Lender (as defined below) and on reading the consent of KSV to act as the Monitor,

SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Application and the Application Record is hereby abridged and validated so that this Application is properly returnable today and hereby dispenses with further service thereof.

APPLICATION

2. **THIS COURT ORDERS AND DECLARES** that the Applicants are companies to which the CCAA applies.

PLAN OF ARRANGEMENT

3. **THIS COURT ORDERS** that each Applicant shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the "**Plan**").

POSSESSION OF PROPERTY AND OPERATIONS

3. **THIS COURT ORDERS** that the Applicants shall remain in possession and control of their respective current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "**Property**"). Subject to further Order of this Court, the Applicants shall continue to carry on business in a manner consistent with the preservation of their business (the "**Business**") and Property. The Applicants are authorized and empowered to continue to retain and employ the employees, consultants, agents, experts, accountants, counsel and such other persons (collectively "**Assistants**") currently retained or employed by them, with liberty to retain such further Assistants as they deem reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

4. **THIS COURT ORDERS** that the Applicants shall be entitled to continue to utilize the central cash management system currently in place or, with the consent of the Monitor, replace it with another substantially similar central cash management system (the "**Cash Management System**") and that any present or future bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any

transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Applicants of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Applicants, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under the Plan with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.

5. **THIS COURT ORDERS** that, except as specifically permitted herein, the Applicants are hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by any of the Applicants to any of their creditors as of this date unless such payments are contemplated under the Commitment Letter and the Definitive Documents (each as defined below) and consented to by the Monitor; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of their Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business.

6. **THIS COURT ORDERS** that the Applicants shall be entitled but not required to pay the following expenses whether incurred prior to or after this Order:

- (a) all outstanding and future wages, salaries, employee and pension benefits, vacation pay and employee expenses payable on or after the date of this Order, in each case incurred in the ordinary course of Business and consistent with existing compensation policies and arrangements; and
- (b) the fees and disbursements of any Assistants retained or employed by the Applicants in respect of these proceedings, at their standard rates and charges.

7. **THIS COURT ORDERS** that, except as otherwise provided to the contrary herein, the Applicants shall be entitled but not required to pay all reasonable expenses incurred by the Applicants in carrying on the Business in the ordinary course after this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors' and officers' insurance), maintenance and security services; and
- (b) payment for goods or services actually supplied to the Applicants following the date of this Order.

8. **THIS COURT ORDERS** that the Applicants shall remit, in accordance with legal requirements, or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Quebec Pension Plan, and (iv) income taxes;
- (b) all goods and services or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by the Applicants in connection with the sale of goods and services by the Applicants, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order, and
- (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Applicants.

9. **THIS COURT ORDERS** that until a real property lease is disclaimed in accordance with the CCAA, the Applicants shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease) or as otherwise

may be negotiated between the Applicants and the landlord from time to time ("**Rent**"), for the period commencing from and including the date of this Order, twice-monthly in equal payments on the first and fifteenth day of each month, in advance (but not in arrears). On the date of the first of such payments, any Rent relating to the period commencing from and including the date of this Order shall also be paid.

RESTRUCTURING

10. **THIS COURT ORDERS** that the Applicants shall, subject to such requirements as are imposed by the CCAA and such covenants as may be contained in the Definitive Documents (as defined below), have the right to:

- (a) permanently or temporarily cease, downsize or shut down any of its business or operations, and to dispose of redundant or non-material assets not exceeding \$100,000 in any one transaction or \$250,000 in the aggregate;
- (b) terminate the employment of such of its employees or temporarily lay off such of its employees as it deems appropriate; and
- (c) pursue all avenues of refinancing of their Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing,

each of the foregoing to permit the Applicants to proceed with an orderly restructuring of the Business .

11. **THIS COURT ORDERS** that the Applicants shall provide each of the relevant landlords with notice of the Applicants' intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Applicants' entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Applicants, or by further Order of this Court upon application by the Applicants on at least two (2) days notice to such landlord and any such secured creditors. If an Applicant disclaims the lease governing such leased premises in accordance with Section 32 of the CCAA, it shall not be required to pay Rent under such lease

pending resolution of any such dispute (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer of the lease shall be without prejudice to the applicable Applicant's claim to the fixtures in dispute.

12. **THIS COURT ORDERS** that if a notice of disclaimer is delivered pursuant to Section 32 of the CCAA, then (a) during the notice period prior to the effective time of the disclaimer, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Applicants and the Monitor 24 hours' prior written notice, and (b) at the effective time of the disclaimer, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the Applicants in respect of such lease or leased premises, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.

NO PROCEEDINGS AGAINST THE APPLICANTS OR THE PROPERTY

13. **THIS COURT ORDERS** that until and including April 10, 2020, or such later date as this Court may order (the "**Stay Period**"), no proceeding or enforcement process in any court or tribunal (each, a "**Proceeding**") shall be commenced or continued against or in respect of the Applicants or the Monitor or their respective employees and representatives acting in such capacities, or affecting the Business or the Property, except with the written consent of the Applicants and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of any of the Applicants or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

NO EXERCISE OF RIGHTS OR REMEDIES

14. **THIS COURT ORDERS** that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being "**Persons**" and each being a "**Person**") against or in respect of the Applicants or the Monitor or their respective employees and representatives acting in such capacities, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Applicants and the Monitor, or leave of this Court, provided that nothing in this Order shall: (i) empower the Applicants to carry on any business which the

Applicants are not lawfully entitled to carry on, (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

NO INTERFERENCE WITH RIGHTS

15. **THIS COURT ORDERS** that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, licence or permit in favour of or held by any of the Applicants, except with the written consent of the applicable Applicant and the Monitor, or leave of this Court.

CONTINUATION OF SERVICES

16. **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements with any of the Applicants or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all computer software, ERP software communication and other data services, centralized banking services, security services, payroll services, insurance, transportation services, utility or other services to the Business or any of the Applicants, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply of such goods or services as may be required by any of the Applicants, and that each of the Applicants shall be entitled to the continued use of its current premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case that the normal prices or charges for all such goods or services received after the date of this Order are paid by the applicable Applicant in accordance with normal payment practices of the applicable Applicant or such other practices as may be agreed upon by the supplier or service provider and each of the applicable Applicant and the Monitor, or as may be ordered by this Court.

NON-DEROGATION OF RIGHTS

17. **THIS COURT ORDERS** that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of leased or licensed property or other valuable consideration provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-

advance any monies or otherwise extend any credit to the Applicants. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

18. **THIS COURT ORDERS** that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of any of the Applicants with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of any of the Applicants whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, until a compromise or arrangement in respect of the applicable Applicant, if one is filed, is sanctioned by this Court or is refused by the creditors of the applicable Applicant or this Court.

DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

19. **THIS COURT ORDERS** that the Applicants shall indemnify their directors and officers against obligations and liabilities that they may incur as directors or officers of the Applicants after the commencement of the within proceedings, except to the extent that, with respect to any officer or director, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

20. **THIS COURT ORDERS** that the directors and officers of the Applicants shall be entitled to the benefit of and are hereby granted a charge (the "**Directors' Charge**") on the Property, which charge shall not exceed an aggregate amount of \$450,000.00, as security for the indemnity provided in paragraph 19 of this Order. The Directors' Charge shall have the priority set out in paragraphs 39 and 41 herein.

21. **THIS COURT ORDERS** that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the Applicants' directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 19 of this Order.

APPOINTMENT OF MONITOR

22. **THIS COURT ORDERS** that KSV is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Applicants with the powers and obligations set out in the CCAA or set forth herein and that the Applicants and their shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by any of the Applicants pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

23. **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- (a) monitor the Applicants' receipts and disbursements;
- (b) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, and such other matters as may be relevant to the proceedings herein;
- (c) assist the Applicants, to the extent required by the Applicants, in their dissemination, to the DIP Lender and its counsel on a weekly basis of financial and other information as agreed to between the Applicants and the DIP Lender which may be used in these proceedings including reporting on a basis to be agreed with the DIP Lender;
- (d) advise the Applicants in their preparation of the Applicants' cash flow statements and reporting required by the DIP Lender, which information shall be reviewed with the Monitor and delivered to the DIP Lender and its counsel and financial advisor on a periodic basis, but not less than weekly, or as otherwise agreed to by the DIP Lender;
- (e) advise the Applicants in their development of the Plan and any amendments to the Plan;

- (f) assist the Applicants, to the extent required by the Applicants, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;
- (g) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Applicants, to the extent that is necessary to adequately assess the Applicants' business and financial affairs or to perform its duties arising under this Order;
- (h) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order; and
- (i) perform such other duties as are required by this Order or by this Court from time to time.

24. **THIS COURT ORDERS** that the Monitor shall not take possession of the Property or be deemed to take possession of Property, pursuant to any provision of any federal, provincial or other law respecting, among other things, the manufacturing, possession, processing and distribution of cannabis or cannabis products including, without limitation, under the *Cannabis Act* S.C. 2018, c.16, the *Controlled Drugs and Substances Act*, S.C. 1996, c. 19, the *Excise Tax Act*, the *Ontario Cannabis Control Act*, S.O. 2017, c. 26, Sched. 1 or other such applicable federal or provincial legislation (collectively, the "**Cannabis Legislation**"), and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof, within the meaning of any Cannabis Legislation, or otherwise, and nothing in this Order shall be construed as resulting in the Monitor being an employer or successor employer within the meaning of any statute, regulation or rule of law or equity, for any purpose whatsoever.

25. **THIS COURT ORDERS** that nothing herein contained shall require the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, "**Possession**") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the

protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "**Environmental Legislation**"), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.

26. **THIS COURT ORDERS** that, in addition to the rights and protection afforded to the DIP Lender under this Order or at law, the DIP Lender shall incur no liability or obligation as a result of carrying out of the provisions of this Order, including under any Cannabis Legislation, save and except for any gross negligence or willful misconduct on its part.

27. **THIS COURT ORDERS** that up to and including April 10, 2020, the Applicants shall not make any expenditures or disbursements without the prior knowledge or consent of the Monitor.

28. **THIS COURT ORDERS** that the Monitor shall provide any creditor of the Applicants and the DIP Lender with information provided by the Applicants in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicants is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicants may agree.

29. **THIS COURT ORDERS** that, in addition to the rights and protections afforded to the Monitor under the CCAA or as an officer of this Court, neither the Monitor nor its respective employees and representatives acting in such capacities, shall incur any liability or obligation as a result of the appointment of the Monitor or the carrying out by it of the provisions of this Order, including under any Cannabis Legislation, save and except for any gross negligence or

willful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

30. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, and counsel to the Applicants shall be paid their reasonable fees and disbursements related to these proceedings, in each case at their standard rates and charges, whether incurred prior to, on or subsequent to, the date of this Order by the Applicants as part of the costs of these proceedings. The Applicants are hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor, and counsel for the Applicants on a weekly basis.

31. **THIS COURT ORDERS** that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

32. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, and the Applicants' counsel shall be entitled to the benefit of and are hereby granted a charge (the "**Administration Charge**") on the Property, which charge shall not exceed an aggregate amount of \$500,000.00 as security for their professional fees and disbursements incurred at their standard rates and charges, both before and after the making of this Order in respect of these proceedings. The Administration Charge shall have the priority set out in paragraphs 39 and 41 hereof.

DIP FINANCING

33. **THIS COURT ORDERS** that the Applicants are hereby authorized and empowered to obtain and borrow under a credit facility (the "**DIP Loan**") from Trichome Financial Corp. (in such capacity, the "**DIP Lender**") in order to finance the Applicants' working capital requirements and other general corporate purposes and capital expenditures, provided that borrowings under such credit facility shall not exceed \$4,000,000.00 unless permitted by further Order of this Court.

34. **THIS COURT ORDERS THAT** such credit facility shall be on the terms and subject to the conditions set forth in the commitment letter between the Applicants and the DIP Lender dated as of March 31, 2020 (the "**Commitment Letter**"), filed.

35. **THIS COURT ORDERS** that the Applicants are hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, the "**Definitive Documents**"), as are contemplated by the Commitment Letter or as may be reasonably required by the DIP Lender pursuant to the terms thereof, and the Applicants are hereby authorized and directed to pay and perform all of their indebtedness, interest, fees, liabilities and obligations to the DIP Lender under and pursuant to the Commitment Letter and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.

36. **THIS COURT ORDERS** that the DIP Lender shall be entitled to the benefit of and is hereby granted a charge (the "**DIP Lender's Charge**") on the Property, which DIP Lender's Charge shall not secure an obligation that exists before this Order is made. The DIP Lender's Charge shall have the priority set out in paragraphs 39 and 41 hereof.

37. **THIS COURT ORDERS** that, notwithstanding any other provision of this Order:

- (a) the DIP Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Lender's Charge or any of the Definitive Documents;
- (b) upon the occurrence of an event of default under the Definitive Documents or the DIP Lender's Charge, the DIP Lender, upon 7 days' notice to the Applicants and the Monitor, may exercise any and all of its rights and remedies against the Applicants or the Property under or pursuant to the Commitment Letter, Definitive Documents and the DIP Lender's Charge, including without limitation, to cease making advances to the Applicants and set off and/or consolidate any amounts owing by the DIP Lender to the Applicants against the obligations of the Applicants to the DIP Lender under the Commitment Letter, the Definitive Documents or the DIP Lender's Charge, to make demand, accelerate payment and give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Applicants and for the appointment of a trustee in bankruptcy of the Applicants; and

- (c) the foregoing rights and remedies of the DIP Lender shall be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager of the Applicants or the Property.

38. **THIS COURT ORDERS AND DECLARES** that the DIP Lender shall be treated as unaffected in any plan of arrangement or compromise filed by the Applicants under the CCAA, or any proposal filed by the Applicants under the *Bankruptcy and Insolvency Act* of Canada (the "**BIA**"), with respect to any advances made under the Definitive Documents.

VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

39. **THIS COURT ORDERS** that the priorities of the Directors' Charge, the Administration Charge and the DIP Lender's Charge, as among them, shall be as follows:

First - Administration Charge (to the maximum amount of \$500,000.00);

Second - Directors' Charge (to the maximum amount of \$450,000.00); and

Third - DIP Lender's Charge (to the maximum amount of \$800,000.00).

40. **THIS COURT ORDERS** that the filing, registration or perfection of the Administration Charge, the DIP Lender's Charge, or the Directors' Charge (collectively, the "**Charges**") shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

41. **THIS COURT ORDERS** that each of the Charges shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, "**Encumbrances**") in favour of any Person.

42. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicants shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Charges, unless the Applicants

also obtain the prior written consent of the Monitor, the DIP Lender and the beneficiaries of the Charges, or further Order of this Court.

43. **THIS COURT ORDERS** that the Charges, the Commitment Letter, and the Definitive Documents shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "**Chargees**") and/or the DIP Lender thereunder shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "**Agreement**") which binds the Applicants, and notwithstanding any provision to the contrary in any Agreement:

- (a) neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the Commitment Letter or the Definitive Documents shall create or be deemed to constitute a breach by the Applicants of any Agreement to which any of them are a party;
- (b) none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the Applicants entering into the Commitment Letter, the creation of the Charges, or the execution, delivery or performance of the Definitive Documents; and
- (c) the payments made by the Applicants pursuant to this Order, the Commitment Letter or the Definitive Documents, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.

44. **THIS COURT ORDERS** that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the Applicants' interest in such real property leases.

RELIEF FROM REPORTING OBLIGATIONS

45. **THIS COURT ORDERS** that none of the directors, officers, employees, or other representatives of the Applicants, nor the Monitor (and its directors, officers, employees or representatives) shall have any personal liability for failure of the Applicants to file annual information forms, annual and quarterly management discussion and analysis, annual and quarterly financial statements (including related audits, reports and certifications) for the Stay Period, which period may be extended pursuant to further Order of the Court.

SERVICE AND NOTICE

46. **THIS COURT ORDERS** that the Monitor shall (i) without delay, publish in The Globe and Mail (National Edition) a notice containing the information prescribed under the CCAA, (ii) within five days after the date of this Order, (A) make this Order publicly available in the manner prescribed under the CCAA, (B) send, or cause to be sent, in the prescribed manner, a notice to every known creditor who has a claim against any of the Applicants of more than \$1,000, and (C) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder.

47. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the “**Protocol**”) is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL – <https://www.ksvadvisory.com/insolvency-cases/case/james-e-wagner-cultivation-corporation> (the “**Website**”).

48. **THIS COURT ORDERS** that the Applicants and the Monitor and their respective counsel are at liberty to serve or distribute this Order, any other materials and orders as may be reasonably required in these proceedings, including any notices, or other correspondence, by forwarding true copies thereof by electronic message to the Applicants' creditors or other

interested parties and their advisors. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or judicial obligation, and notice requirements within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 81000-2-175 (SOR/DORS).

GENERAL

49. **THIS COURT ORDERS** that each of the Applicants or the Monitor may from time to time apply to this Court to amend, vary or supplement this Order or for advice and directions in the discharge of its powers and duties under this Order or in the interpretation or application of this Order.

50. **THIS COURT ORDERS** that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Applicants, the Business or the Property.

51. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Applicants, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicants and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicants and the Monitor and their respective agents in carrying out the terms of this Order.

52. **THIS COURT ORDERS** that each of the Applicants and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

53. **THIS COURT ORDERS** that any interested party (including the Applicants and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days

notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

54. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Toronto time on the date of this Order.

AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF JAMES E. WAGNER CULTIVATION CORPORATION, JAMES E. WAGNER CULTIVATION LTD., JWC 1 LTD., JWC 2 LTD., JWC SUPPLY LTD AND GROWTHSTORM INC.

Court File No.

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceedings commenced in Toronto

INITIAL ORDER

BENNETT JONES LLP

One First Canadian Place
Suite 3400, P.O. Box 130
Toronto, Ontario
M5X 1A4

Sean Zweig (LSO# 57307I)
Mike Shakra (LSO# 64604K)
Aiden Nelms (LSO# 74170S)

Tel: 416-863-1200
Fax: 416-863-1716

Lawyers for the Applicants

SCHEDULE C
REQUEST FOR ADVANCE

REQUEST FOR ADVANCE

TO: Trichome Financial Corp., as Interim Lender

DATE: _____, 2020

Dear Sirs:

The undersigned refers to the interim financing term sheet dated as of _____, 2020 (the “**Term Sheet**”) made among James E. Wagner Cultivation Corporation (the “**Borrower**”), Trichome Financial Corp., as Interim Lender and James E. Wagner Cultivation Ltd., JWC 1 Ltd., JWC 2 Ltd, JWC Supply Ltd. and GrowthStorm Inc., as Guarantors.

Capitalized terms used in this Request for Advance have the same meanings herein as are ascribed thereto in the Term Sheet.

1. The Borrower hereby gives you notice pursuant to the Term Sheet that the undersigned requests an Interim Advance under the Interim Facility (the “**Interim Facility Advance**”) in the Term Sheet be deposited into the Deposit Account as follows:
 - (a) Amount of Interim Advance requested: \$ _____
 - (b) Requested funding date: _____
 - (c) Total principal amount currently outstanding (excluding this Interim Facility Advance): \$ _____
 - (d) Availability remaining under the Interim Facility (excluding this Interim Facility Advance): \$ _____

2. Each of the undersigned, being _____ an officer of the Borrower, hereby certify to you for and on behalf of the Borrower (and not in his or her personal capacity) as follows:
 - (a) all of the representations and warranties contained in the Term Sheet are true and correct and all of the representations and warranties in the other Interim Financing Credit Documentation are true and correct in all material respects in each case on and as of the date hereof and will be true and correct as of the date of the requested Interim Facility Advance as though made on and as of such date (unless expressly stated to be made as of a specified date);
 - (b) no Default or Event of Default has occurred and is continuing or shall result from the requested Interim Facility Advance;

- (c) the Interim Facility Advance shall not cause the aggregate amount of all outstanding Interim Advances to exceed the Maximum Amount or be greater than the amount shown on the Agreed Budget as at the date of such Interim Facility Advance;
- (d) the Interim Facility Advance is consistent with the Agreed Budget; and
- (e) the other Credit Parties are in compliance with the Term Sheet and the Court Orders.

[Signature page follows]

The undersigned certifies that **[he/she]** is _____, of the Borrower, and that as such **[he/she]** is authorized to execute this certificate on behalf of the Borrower. The undersigned further certifies, represents and warrants on behalf of the Borrower (and not in his or her personal capacity) that the Borrower is entitled to receive the requested Interim Advance under the terms and conditions of the Term Sheet.

**JAMES E. WAGNER CULTIVATION
CORPORATION**

By: _____
Name:
Title:

SCHEDULE D
SUMMARY OF AGREED BUDGET

James E. Wagner Cultivation Corporation, James E. Wagner Cultivation Ltd., JWC 1 Ltd., JWC 2 Ltd., JWC Supply Ltd. And Growthstorm Inc.

Projected Statement of Cash Flow

For the Period Ending June 26, 2020

(Unaudited; \$C)

Notes	Weeks Ending													Total
	03-Apr-20	10-Apr-20	17-Apr-20	24-Apr-20	01-May-20	08-May-20	15-May-20	22-May-20	29-May-20	05-Jun-20	12-Jun-20	19-Jun-20	26-Jun-20	
1														
<i>Receipts</i>														
Cannabis Sales	17,250	17,250	17,250	17,250	17,250	17,250	89,750	455,744	17,250	220,875	544,750	17,250	371,000	1,820,119
<i>Disbursements</i>														
Operating Costs	467,097	-	590,370	5,000	307,032	95,000	252,032	68,171	397,032	5,000	263,457	95,000	370,203	2,915,396
Occupancy Costs	388,398	-	-	-	238,398	-	-	30,000	-	456,053	-	-	30,000	1,142,849
Excise Taxes	4,000	-	-	-	167,000	-	-	-	160,500	-	-	-	-	331,500
<i>Total Operating Disbursements</i>	859,495	-	590,370	5,000	712,430	95,000	252,032	98,171	557,532	461,053	263,457	95,000	400,203	4,389,745
<i>Net Cash Flow Before the Undernoted</i>	(842,245)	17,250	(573,120)	12,250	(695,180)	(77,750)	(162,282)	357,573	(540,282)	(240,178)	281,293	(77,750)	(29,203)	(2,569,626)
Restructuring Costs	-	-	563,000	-	-	-	348,000	-	-	-	348,000	-	-	1,259,000
DIP Interest and Fees	-	-	165,465	-	-	-	19,382	-	-	-	26,475	-	-	211,321
<i>Net Cash Flow</i>	(842,245)	17,250	(1,301,584)	12,250	(695,180)	(77,750)	(529,664)	357,573	(540,282)	(240,178)	(93,182)	(77,750)	(29,203)	(4,039,948)
Opening Cash Balance	44,000	-	17,250	-	12,250	-	-	-	357,573	-	-	-	-	44,000
DIP Financing	798,245	-	1,284,334	-	682,930	77,750	529,664	-	182,709	240,178	93,182	77,750	29,203	3,995,948
Closing Cash Balance	-	17,250	-	12,250	-	-	-	357,573	-	-	-	-	-	-
DIP Loan Balance	798,245	798,245	2,082,580	2,082,580	2,765,510	2,843,260	3,372,925	3,372,925	3,555,634	3,795,812	3,888,994	3,966,744	3,995,948	3,995,948

James E. Wagner Cultivation Corporation, James E. Wagner Cultivation Ltd., JWC 1 Ltd., JWC 2 Ltd., JWC Supply Ltd. And Growthstorm Inc.

Notes to Projected Statement of Cash Flow

For the Period Ending June 26, 2020

(Unaudited; \$C)

Purpose and General Assumptions

1. The purpose of the projection is to present a cash flow forecast of the Applicants for the period March 28, 2020 to June 26, 2020 (the "Period") in respect of their proceedings under the Companies' Creditors Arrangement Act ("CCAA"). The cash flow forecast assumes that the Applicants file for protection under the CCAA on April 1, 2020.

The cash flow projection has been prepared based on hypothetical and most probable assumptions.

Hypothetical Assumptions

- 2 Represents sales of cannabis to provincial, wholesale and medical customers.

Probable Assumptions

3. Operating costs include payroll and production costs.
4. Occupancy costs include rent and utilities.
5. Excise tax is paid one month in arrears.
6. Includes the estimated payments to the Chief Restructuring Officer, the Monitor, its counsel and the Applicants' corporate and insolvency counsel.
7. Represents interest and fees payable on the debtor-in-possession ("DIP") facility.
8. Represents projected DIP funding to be provided by Trichome Financial Corporation pursuant to the terms of the DIP Term Sheet.

This is Exhibit “B” *referred to in the*
affidavit of Aiden Nelms
sworn before me, this 31st
day of March, 2020



A COMMISSIONER FOR TAKING AFFIDAVITS

Hayley Larkin

**JAMES E. WAGNER CULTIVATION CORPORATION, JAMES E. WAGNER
CULTIVATION LTD., JWC 1 LTD., JWC 2 LTD., JWC SUPPLY LTD. AND
GROWTHSTORM INC.**

as Vendors

and

TRICHOME FINANCIAL CORP.

as Purchaser

ASSET PURCHASE AGREEMENT

March 31, 2020

ASSET PURCHASE AGREEMENT

This asset purchase agreement is made as of March 31, 2020, between James E. Wagner Cultivation Corporation, a corporation governed by the laws of the Province of Ontario, James E. Wagner Cultivation Ltd., a corporation incorporated under the laws of Ontario, JWC 1 Ltd., a corporation incorporated under the laws of Ontario, JWC 2 Ltd., a corporation incorporated under the laws of Ontario, JWC Supply Ltd., a corporation incorporated under the laws of Ontario, and GrowthStorm Inc., a corporation incorporated under the laws of Ontario (collectively, the “**Vendors**”) and Trichome Financial Corp., a corporation governed by the laws of the Province of Ontario (the “**Purchaser**”).

RECITALS:

- (1) The Vendors will commence the CCAA Proceedings within 1 Business Day of the date hereof and seek to obtain the Initial Order under the CCAA;
- (2) The Vendors will seek to have KSV Kofman Inc. appointed as Monitor of the Vendors pursuant to the Initial Order;
- (3) The Vendors will seek approval of the Court for the Sale Process Order pursuant to which the Vendors and the Monitor will conduct the Sale Process with this Agreement serving as the Stalking Horse Bid; and
- (4) The Vendors desire to sell all or substantially all of their assets and the Purchaser has agreed to purchase such assets subject to the terms and conditions set forth in this Agreement, the Sale Process and the applicable provisions of the CCAA.

For good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Vendors and the Purchaser agree as follows:

ARTICLE 1 INTERPRETATION

Section 1.1 Definitions

In this Agreement and the recitals above, the following terms have the following meanings:

“Accounts Receivable” means, on any date, all accounts receivable and tax refunds generated in the operation of the Vendors' business, together with any unpaid interest or fees accrued thereon which are outstanding on such date and the full benefit of all security or collateral for such amounts, including recoverable advances and deposits, but excluding any amounts owing to the Vendors as at the Closing Time from any of its shareholders or Affiliates, or from any other Person who does not deal at arm's length with any of the Vendors.

“Affiliate” has the meaning given to the term “affiliate” in the *Canada Business Corporations Act*.

“Agreement” means this asset purchase agreement, as amended from time to time in accordance with the terms hereof.

“Applicable Law” means, in respect of any Person, property, transaction or event, any domestic or foreign statute, law (including the common law), ordinance, rule, regulation, treaty, restriction, regulatory policy, standard, code or guideline, by-law or order, in each case, having the force of law, that applies in whole or in part to such Person, property, transaction or event.

“Approval and Vesting Order” means an order by the Court substantially in the form attached as Schedule **Error! Reference source not found.** authorizing the Transaction and vesting in the Purchaser (or as it may direct) all the right, title and interest of the Vendors in and to the Purchased Assets.

“Assignment Order” means an order or orders of the Court pursuant to section 11.3 of the CCAA and other applicable provisions of the CCAA, in form and substance satisfactory to the Purchaser and the Vendors, each acting reasonably, authorizing and approving (i) the assignment of any Consent Required Contract for which a consent, approval or waiver necessary for the assignment of such Consent Required Contract has not been obtained, (ii) the prevention of any counterparty to such Consent Required Contracts from exercising any right or remedy under such Consent Required Contracts by reason of any defaults arising from the CCAA Proceedings or the insolvency of the Vendors and (iii) the vesting in the Purchaser (or as it may direct) of all right, title and interest of the Vendors in such Consent Required Contracts.

“Assumed Obligations” has the meaning set out in Section 2.4.

“Bidding Procedures” means the bidding procedures substantially in the form attached hereto as Schedule “C”, with milestone dates therein to be settled on or before the date of the Sale Process Order;

“Benefit Plans” means all oral or written plans, arrangements, agreements, programs, policies, practices or undertakings of each Vendor with respect to some or all of the Employees and which provide for or relate to (i) bonus, profit sharing or deferred profit sharing, performance compensation, deferred or incentive compensation, supplemental retirement arrangements, share compensation, share purchase or share option, share appreciation rights, phantom stock, vacation or vacation pay, sick pay, employee loans, or any other compensation in addition to salary; or (ii) insured or self-insured benefits for or relating to income continuation or other benefits during absence from work (including short term disability, long term disability and workers compensation), hospitalization, health, welfare, legal costs or expenses, medical or dental treatments or expenses, life insurance, accident, death or survivor’s benefits, supplementary employment insurance, day care, tuition or professional commitments or expenses and prerequisites or similar employment benefits.

“Books and Records” means all files, documents, instruments, papers, books and records (whether stored or maintained in hard copy, digital or electronic format or otherwise), including tax and accounting books and records, used or intended for use by, and in the possession of the Vendors, in connection with the ownership, or operation of the Purchased Assets, including the Contracts, customer lists, customer information and account records, sales records, computer files, data processing records, employment and personnel records, sales literature, advertising and marketing data and records, credit records, records relating to suppliers and other data, in each case, relating to the Purchased Assets, and, for greater certainty, excluding the minute books and corporate records of the Vendors.

“Business Day” means a day on which banks are open for business in Toronto, Ontario but does not include a Saturday, Sunday or statutory holiday in the Province of Ontario.

“CCAA” means the *Companies’ Creditors Arrangement Act* (Canada);

“CCAA Proceedings” means the proceedings to be commenced by the Vendors under the CCAA;

“Cash Flow Projections” means the prescribed cash flow projections filed by the Vendors as part of the CCAA Proceedings.

“Claims” means any claim of any nature or kind (including any cross-claim or counterclaim), demand, investigation, chose in or cause of action, suit, default, assessment, litigation, third party action, arbitral proceeding or proceeding by or before any Person.

“Closing” means the successful completion of the Transaction.

“Closing Cash Payment” means an amount to be agreed among the Purchaser, the Vendors and the Monitor which will be sufficient to pay (i) any outstanding Priority Payables, (ii) accrued amounts not paid under the DIP Facility as of the Closing Date (including the fees and expenses of legal and other professionals) and (iii) the

reasonable costs (including the fees and expenses of legal and other professionals) relating to the period following the Closing Date, including, performing any transition services required, terminating the CCAA Proceeding and winding-down the estates of the Vendors (including the administration of a bankruptcy in respect of the Vendors).

“**Closing Date**” means the date that is three (3) Business Days after the date the Approval and Vesting Order is obtained or such other earlier or later date as may be agreed by the Parties.

“**Closing Time**” means 10:00 a.m. (Toronto time) on the Closing Date.

“**Consent Required Contract**” has the meaning set out in Section 2.2a).

“**Contracts**” means all of the contracts and other written agreements to which any Vendor is a party constituting part of the Purchased Assets identified in writing by the Purchaser on or before Closing, including, for greater certainty, all Contracts listed in Appendix I to **Schedule “A”** to this Agreement.

“**Court**” means Ontario Superior Court of Justice (Commercial List).

“**Credit Bid Amount**” means the amounts owing by the Vendors to the Purchaser as of the Closing Time pursuant to: (i) the Loan Agreement; and (iii) the Factoring Agreement;

“**Cure Costs**” means all amounts required to be paid pursuant to section 11.3 of the CCAA to effectuate, pursuant to the CCAA, the assignment by the Vendors and assumption by the Purchaser of Consent Required Contracts under the Assignment Order and to otherwise satisfy all requirements imposed by section 11.3 of the CCAA.

“**DIP Facility**” means the Interim Financing Credit Facility Term Sheet dated March 31, 2020, between the Vendors and the Purchaser.

“**Employee**” means an individual who is employed by a Vendor, whether on a full-time or a part-time basis, whether active or inactive as of the Closing Date, and includes an employee on short term or long term disability leave.

“**Encumbrances**” means any security interest, lien, claim, charge, hypothec, reservation of ownership, pledge, encumbrance, mortgage, adverse claim or right of a third party of any nature or kind whatsoever and any agreement, option or privilege (whether by law, contract or otherwise) capable of becoming any of the foregoing, (including any conditional sale or title retention agreement, or any capital or financing lease).

“**Excise Tax Act**” means the *Excise Tax Act* (Canada).

“**Excluded Assets**” means all of the Vendors' right, title and interest, in and to those assets and rights set forth in Schedule B.

“Excluded Equipment” means any equipment or machinery and any parts and components thereof, that are Excluded Assets.

“Expense Reimbursement” has the meaning set out in Section 4.2a).

“Factoring Agreement” means the Receivables Purchase Agreement made as of October 23, 2019 between JWC, in its capacity as seller thereunder and the Purchaser, in its capacity as purchaser thereunder, and each of the Vendors other than JWC as guarantors.

“Governmental Authority” means any domestic or foreign government, whether federal, provincial, state, territorial or municipal; and any governmental agency, ministry, department, court (including the Court), tribunal, commission, stock exchange, bureau, board or other instrumentality exercising or purporting to exercise legislative, judicial, regulatory or administrative functions of, or pertaining to, government or securities market regulation.

“Health Canada Licenses” means all authorizations related to cannabis and issued by Health Canada to any of the Vendors, including authorizations to plant, grow, cultivate, extract, produce, process, store, destroy, sell, provide, ship, deliver, transport and/or distribute cannabis under Applicable Law, including without limitation License Nos. LIC-S0SIOQZD8S-2020 and LIC-GHASXLI39D-2019-2.

“Income Tax Act” means the *Income Tax Act* (Canada).

“Intellectual Property” means all intellectual property of the Vendors used by or currently being developed for use in the business of the Vendors, and all rights of any of the Vendors therein, including all claims for past infringement, worldwide, whether registered or unregistered, including without limitation:

- a) all patents, patent applications and other patent rights, including provisional and continuation patents;
- b) all registered and unregistered trade-marks, service marks, logos, slogans, corporate names, business names and other indicia of origin, and all applications and registrations therefor;
- c) registered and unregistered copyrights and mask works, including all copyright in and to computer software programs and applications and registrations of such copyright;
- d) internet domain names, applications and reservations for internet domain names, uniform resource locators and the corresponding internet sites;
- e) industrial designs; and
- f) trade secrets and proprietary information not otherwise listed in (a) through (e) above, including, without limitation, all inventions (whether or not patentable), invention disclosures, moral and economic rights of authors and

inventors (however denominated), confidential information, technical data, customer lists, corporate and business names, trade names, trade dress, brand names, know-how, mask works, circuit topography, formulae, methods (whether or not patentable), designs, processes, procedures, technology, business methods, source codes, object codes, computer software programs (in either source code or object code form), databases, data collections and other proprietary information or material of any type, and all derivatives, improvements and refinements thereof, howsoever recorded or unrecorded.

“Interim Lender” means Trichome Financial Corp., in its capacity as interim lender under the DIP Facility;

“JWC” means James E. Wagner Cultivation Corporation;

“Loan Agreement” means the Loan Agreement dated February 19, 2019, as amended, between JWC, as borrower, and the Purchaser, as lender and each of the Vendors (other than JWC) as guarantors;

“M&A Advisor” means Stoic Advisory Inc.;

“Monetary Purchase Price” means the sum of the Credit Bid Amount and the Closing Cash Payment;

“Monitor” means the Person appointed by the Court to act as the monitor of the Vendors in the CCAA Proceedings, which is expected to be KSV Kofman Inc.

“Monitor’s Certificate” means the certificate of the Monitor contemplated by the Approval and Vesting Order certifying that the Monitor has received written confirmation in form and substance satisfactory to the Monitor from the Parties that all conditions of Closing have been satisfied or waived by the applicable Parties and that the Monitor has received the Closing Cash Payment.

“Non-Assignable Interests” means any Purchased Assets which, by their nature cannot be legally or practically sold and assigned by the Vendors to the Purchaser hereunder, including without limitation SRED Claims and any Consent Required Contracts for which an Assignment Order or counterparty consent has not been obtained;

“Ordinary Course of Business” means the ordinary course of business of the Vendors with respect to the Purchased Assets consistent with the conduct of such business on the date hereof and consistent with the Orders of the Court in the CCAA Proceedings.

“Outside Date” means June 30, 2020.

“Party” means the Purchaser and each of the Vendors.

“Permitted Encumbrances” means those Encumbrances set forth in Schedule **Error! Reference source not found.**

“Person” means any individual, partnership, limited partnership, limited liability company, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, Governmental Authority or other entity however designated or constituted.

“Priority Payables” means the amounts payable by the Vendors which are secured by liens in favour of a Governmental Authority (including deemed trusts) that encumber the Purchased Assets and rank prior to the interests of the Purchaser, in its capacity as Interim Lender pursuant to the DIP Facility, arising by operation of any applicable statutory law.

“Purchase Price” means the Monetary Purchase Price plus the Assumed Obligations.

“Purchased Assets” means all of the Vendors’ right, title and interest, in and to the assets used in the business of the Vendors, including those assets set forth in Schedule A, but excluding Excluded Assets.

“Purchaser” has the meaning set out in the recitals hereto.

“Representative” means, in respect of a Party, each director, officer, employee, agent, Affiliate, manager, lender, solicitor, accountant, professional advisor, consultant, contractor and other representative of such Party or such Party’s Affiliates.

“Sale Process Order” means the order of the Court to be sought (i) approving the Sale Process and (ii) approving this Agreement for purposes of acting as a stalking horse bidder.

“Sale Process” means the Court-approved sale process pursuant to which: (i) Stoic Advisory Inc. is appointed as M&A advisor to the Vendors; and (ii) the Vendors, with the assistance and supervision of the M&A Advisor and the Monitor, shall market their assets for sale in accordance with the Bidding Procedures.

“Sales Tax Legislation” means Part IX of the *Excise Tax Act* and the regulations made under such legislation.

“Sales Taxes” means all taxes imposed under Sales Tax Legislation.

“SRED Credits” means all amounts claimed or claimable by the Vendors under the Government of Canada Scientific Research and Experimental Development Tax Incentive Program.

“Stalking Horse Bid” has the meaning set out in Section 4.1b).

“Successful Bidder” has the meaning set out in the Sales Process.

“Tax Deduction” has the meaning set out in Section 4.2b).

“Transaction” means the transaction of purchase and sale contemplated by this Agreement.

“Transfer Taxes” means all present and future transfer taxes, sales taxes, use taxes, production taxes, value-added taxes, goods and services taxes, land transfer taxes, registration and recording fees, and any other similar or like taxes and charges imposed by a Governmental Authority in connection with the sale, transfer or registration of the transfer of the Purchased Assets, including Sales Taxes but excluding any taxes imposed or payable under the Income Tax Act and any other applicable income tax legislation.

“Transition Agreement” means an agreement between the Purchaser and the Vendors (which for purposes of the Transition Agreement shall include and be binding upon a receiver or trustee in bankruptcy of any Vendor pursuant to the Approval and Vesting Order or other order of the Court acceptable to the Purchaser), pursuant to which the Vendors shall provide the Purchaser, at the Purchaser's expense, with such transition services as may reasonably be requested by the Purchaser after the Closing Date to give effect to the transaction contemplated by the Agreement, including without limitation; (i) hold any Non-Assignable Interests in trust for the Purchaser; (ii) to hold the Health Canada Licenses for the benefit of the Purchaser; (iii) administer the Non-Assignable Interests for the benefit of, and at the cost and direction of, the Purchaser; and (iv) continue the employment of any Transition Employees after the Closing Date as may be requested by the Purchaser;

“Transition Employees” means the Employees of the Vendors designated by the Purchaser not less than ten Business Days before the Closing Date to remain employed by the Vendors after the Closing Date, for the period(s) and on the terms set out in the Transition Agreement;

“Vendors” has the meaning set out in the recitals hereto.

Section 1.2 Interpretation Not Affected by Headings, etc.

The division of this Agreement into sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement.

Section 1.3 General Construction.

The terms “this Agreement”, “hereof”, “herein” and “hereunder” and similar expressions refer to this Agreement and not to any particular section hereof. The expression “Section” or reference to another subdivision followed by a number mean and refer to the specified Section or other subdivision of this Agreement. The language used in this Agreement is the language chosen by the Parties to express their mutual intent, and no rule of strict construction shall be applied against any Party.

Section 1.4 Extended Meanings

Words importing the singular include the plural and vice versa and words importing gender include all genders. The term “including” means “including, without limitation,” and such terms as “includes” have similar meanings.

Section 1.5 Currency

All references in this Agreement to dollars, monetary amounts or to \$ are expressed in Canadian currency unless otherwise specifically indicated.

Section 1.6 Statutes

Except as otherwise provided in this Agreement, any reference in this Agreement to a statute refers to such statute and all rules, regulations and interpretations made under it, as it or they may have been or may from time to time be modified, amended or re-enacted.

Section 1.7 Schedules

The following Schedules are incorporated in and form part of this Agreement:

Schedule A	-	Purchased Assets
Schedule B	-	Excluded Assets
Schedule C	-	Bidding Procedures
Schedule D	-	Permitted Encumbrances
Schedule E	-	Form of Approval and Vesting Order
Schedule F	-	Purchase Price Allocation

ARTICLE 2 SALE AND PURCHASE AND ASSIGNMENT

Section 2.1 Sale and Purchase of Assets

Subject to the terms and conditions hereof, at the Closing Time, the Vendors hereby agree to sell, assign and transfer to the Purchaser and the Purchaser agrees to purchase from the Vendors, the Purchased Assets free and clear of all Encumbrances (other than Permitted Encumbrances) pursuant to the Approval and Vesting Order.

Section 2.2 Assignment of Contracts

In the event that there are any Contracts which are not assignable in whole or in part without the consent, approval or waiver of another party or parties to them and such consents, approvals or waivers have not yet been obtained as of the Closing Date, then:

- a) nothing in this Agreement will be construed as an assignment of any such Contract (each a “**Consent Required Contract**”);

- b) until the Approval and Vesting Order is granted, the Vendors shall use their commercially reasonable efforts to obtain any such consent, approval or waiver and the Purchaser shall provide its reasonable cooperation to assist the Vendors in obtaining any such consent, approval or waiver;
- c) if any consent, approval or waiver is not obtained for any Consent Required Contract prior to the service of the motion for the Approval and Vesting Order, the Purchaser may request that the Vendors bring a motion to the Court for issuance of an Assignment Order with respect to such Consent Required Contracts together with the motion for the Approval and Vesting Order;
- d) Pending obtaining consent or Assignment Order, the Vendors shall hold the Consent Required Contract as a Non-Assignable Interest to be administered in accordance with the Transition Agreement, and shall use commercially reasonable efforts to continue to perform their obligations under the Consent Required Contract, including engaging one or more of the Vendors as its agent to do so; and
- e) once the consent, approval or waiver to the assignment of a Consent Required Contract is obtained or the assignment of such Contract has been ordered by the Court, such Consent Required Contract shall be deemed to be assigned to the Purchaser on Closing.

With respect to each Consent Required Contract, subject to Closing and to either (i) the consent of the other parties thereto to the assignment thereof, or (ii) in the absence of such consent, the obtaining of an Assignment Order, in addition to its other obligations under this Agreement, the Purchaser shall pay the applicable Cure Costs related to such Consent Required Contract on Closing.

Section 2.3 “As is, Where is”

The Purchaser acknowledges that the Vendors are selling the Purchased Assets on an “as is, where is” basis as they shall exist as at the Closing Time. The Purchaser further acknowledges that it has entered into this Agreement on the basis that the Vendors do not guarantee title to the Purchased Assets. No representation, warranty or condition is expressed or can be implied as to title, Encumbrances, description, fitness for purpose, merchantability, condition, quantity or quality or in respect of any other matter or thing whatsoever concerning the Purchased Assets or the right of the Vendors to sell or assign same save and except as expressly represented or warranted herein. Without limiting the generality of the foregoing, any and all conditions, warranties or representations expressed or implied pursuant to the *Sale of Goods Act* (Ontario) or similar legislation do not apply hereto and have been waived by the Purchaser. The description of the Purchased Assets contained in the Schedules is for purpose of identification only. Except as otherwise provided in Section 5.2, no representation, warranty or condition has or will be given by the Vendors concerning completeness or accuracy of such descriptions.

Section 2.4 Assumed Obligations

The Purchaser shall assume and perform, discharge and pay when due the following obligations and liabilities of the Vendors (the “**Assumed Obligations**”) after the Closing:

- a) the DIP Facility and all security with respect thereto, either, in the sole discretion of Trichome Financial Corp. in its capacity as Lender thereunder, by assumption thereof or refinancing thereof pursuant to exit financing;
- b) all debts, liabilities and obligations under the Contracts (to the extent assigned or transferred to the Purchaser on Closing) for the period from and after the Closing Time;
- c) the obligation and liability of the Vendors to pay Cure Costs in respect of any Contract; and
- d) all debts, liabilities and obligations arising from ownership and use of the Purchased Assets for the period from and after the Closing Time.

Section 2.5 Excluded Obligations

Other than the Assumed Obligations, the Purchaser shall not assume and shall not be liable, directly or indirectly, or otherwise responsible for any debts, liabilities or other obligations of the Vendors, including, without limiting the generality of the foregoing:

- a) all debts, liabilities, obligations or Claims related to any Benefit Plans, Employees or any Excluded Asset;
- b) all debts, liabilities and obligations related to any Purchased Asset arising out of or related to the period prior to the Closing Time;
- c) all obligations and liabilities owing by any Vendor to any Affiliate;
- d) all debts, liabilities and obligations for or related to any obligation for any taxes that are not expressly assumed by the Purchaser;
- e) all taxes imposed on or relating to the Purchased Assets that are attributable to any pre-Closing tax period whether or not any such period ends on or before the Closing Date (other than any Transfer Taxes); and
- f) all debts, liabilities and obligations of the Vendors arising under this Agreement.

ARTICLE 3 PURCHASE PRICE

Section 3.1 Purchase Price

The aggregate purchase price (the “**Purchase Price**”) payable by the Purchaser to the Monitor on behalf of the Vendors for the Purchased Assets is the sum of: (i) the Monetary Purchase Price, and (ii) the Assumed Obligations. The Monetary Purchase Price shall be allocated on Closing amongst the Purchased Assets in accordance with the provisions of Schedule F.

Section 3.2 Satisfaction of Purchase Price

Provided that all conditions precedent to Closing have been satisfied or waived in accordance with Article 7, the Purchase Price shall be paid and satisfied on Closing as follows:

- a) as to the amount of the Credit Bid Amount, by the crediting and set off of the Credit Bid Amount against an amount of the Monetary Purchase Price equal to the amount of the Credit Bid Amount;
- b) as to the Closing Cash Payment, by wire transfer in immediately available funds paid to the Monitor or as the Monitor may direct in writing;
- c) as to the dollar value of the Assumed Obligations (other than the DIP Facility), by the assumption by the Purchaser of the Assumed Obligations; and
- d) in the case of the DIP Facility, either, in the sole discretion of Trichome Financial Corp as Lender thereunder, by the assumption thereof or by refinancing thereof by exit financing.

Section 3.3 Transfer Taxes

- (1) The Parties agree that:
 - a) the Purchase Price is exclusive of all Transfer Taxes and the Purchaser shall be liable for and shall pay any and all applicable Transfer Taxes pertaining to the Purchaser’s acquisition of the Purchased Assets;
 - b) subject to Section 3.3(c), the Purchaser shall pay any applicable Transfer Taxes on the Purchaser’s acquisition of the Purchased Assets in addition to the Purchase Price, either to the Monitor on behalf of the Vendors or directly to the appropriate governmental Authority, as required by Applicable Law;
 - c) if applicable, the Vendors and the Purchaser shall jointly elect that no Sales Taxes are payable pursuant to the Sales Tax Legislation with respect to the purchase and sale of the Purchased Assets under this Agreement and the Purchaser will file an election pursuant to section 167 of the Sales Tax Legislation, prepared by the Purchaser and made jointly by the Purchaser and the Vendors, in compliance with the requirements of the Sales Tax Legislation.

The Purchaser shall indemnify the Vendors for any Sales Tax, interest and penalties applicable to the Vendors on the sale of the Purchased Assets caused by the Purchaser's failure to file a valid election under section 167 of the Sales Tax Legislation within the prescribed time.

- (2) If requested by the Purchaser, the Vendors shall make:
- a) a joint election(s) to have the rules in section 22 of the Income Tax Act, and any equivalent or corresponding provision under applicable provincial or territorial tax legislation, apply in respect of the Accounts Receivable; and
 - b) a joint election(s) to have the rules in subsection 20(24) of the Income Tax Act, and any equivalent or corresponding provision under applicable provincial or territorial tax legislation, apply to the obligations of the Vendors in respect of undertakings which arise from the operation of the business to which the Purchased Assets related and to which paragraph 12(1)(a) of the Income Tax Act applies.

ARTICLE 4 BIDDING PROCEDURES

Section 4.1 Bidding Procedures

- a) The Vendors and the Purchaser acknowledge that this Agreement and the transactions contemplated hereby are subject to Court approval.
- b) The Vendors and the Purchaser acknowledge and agree that the Vendors shall apply to the Court by no later than April 13, 2020, or such other date as they may agree, for the Sale Process Order, inter alia, recognizing this Agreement, and in particular the Purchase Price, as a baseline or "stalking horse bid" (the "**Stalking Horse Bid**") and approving the Bidding Procedures, the payment of the Expense Reimbursement in the circumstances set out in Section 4.2, and the parties will use commercially reasonable efforts to have the Sale Process Order issued. The Purchaser acknowledges and agrees that the Bidding Procedures are in contemplation of determining whether a superior bid can be obtained for the Purchased Assets.

Section 4.2 Expense Reimbursement

- a) In consideration for the Purchaser's expenditure of time and money and agreement to act as the initial bidder through the Stalking Horse Bid, and the preparation of this Agreement, and in performing due diligence pursuant to this Agreement, and subject to Court approval, the Purchaser shall be entitled to an expense reimbursement amount not to exceed \$100,000 (inclusive of HST) (the "**Expense Reimbursement**"), payable by the Vendors to the Purchaser only in the event that a successful bid other than the Stalking Horse Bid is accepted by the Vendors, approved by the Court and completed. The payment of the foregoing amount shall be approved in the Sale Process Order and shall

be payable to the Purchaser out of the sale proceeds derived from and upon completion of the successful bid. Each of the parties hereto acknowledges and agrees that the foregoing amount represents a fair and reasonable estimate of the costs and damages that will be incurred by the Purchaser as a result of non-completion of this Agreement and is not intended to be punitive in nature nor to discourage competitive bidding for the Purchased Assets, business and Assumed Liabilities.

- b) The Expense Reimbursement shall be paid by the Vendors to the Purchaser without deduction or withholding for taxes (a “**Tax Deduction**”), unless a Tax Deduction is required by Applicable Law. In the event that the Vendors determine that a Tax Deduction is required by Applicable Law to be made in respect of the payment of the Expense Reimbursement, or any portion thereof, the Vendors shall pay such additional amount (the “**Additional Amount**”) as shall be required to result in the Purchaser receiving an amount equal to the amount which it would have received if no Tax Deduction had been required.

ARTICLE 5 REPRESENTATIONS AND WARRANTIES

Section 5.1 Purchaser’s Representations

The Purchaser represents and warrants to the Vendors as of the date hereof and acknowledges that, as of the Closing Time, the Vendors are relying on such representations and warranties in connection with entering into this Agreement and performing their obligations hereunder:

- a) the Purchaser is a corporation duly incorporated, organized and subsisting under the laws of its jurisdiction of incorporation and has the requisite power and authority to enter into this Agreement and to complete the transactions contemplated hereunder;
- b) the Purchaser has the requisite power and authority to enter into this Agreement and to complete the transactions contemplated hereunder;
- c) neither the execution of this Agreement nor the performance by the Purchaser of the Transaction will violate the Purchaser’s constating documents, any agreement to which the Purchaser is bound, any judgment or order of a court of competent jurisdiction or any Governmental Authority, or any Applicable Law. The execution and delivery of this Agreement and the consummation of the Transaction have been duly authorized by all necessary corporate action on the part of the Purchaser. This Agreement is a valid and binding obligation of the Purchaser enforceable in accordance with its terms; and
- d) the Purchaser has not committed an act of bankruptcy, is not insolvent, has not proposed a compromise or arrangement to its creditors generally, has not had any application for a bankruptcy order filed against it, has not taken any

proceeding and no proceeding has been taken to have a receiver appointed over any of its assets, has not had an encumbrancer take possession of any of its property and has not had any execution or distress become enforceable or levied against any of its property.

Section 5.2 Vendors' Representations

Each of the Vendors represents and warrants to the Purchaser as of the date hereof and as of the Closing Time as follows and acknowledges that the Purchaser is relying on such representations and warranties in connection with entering into this Agreement and performing its obligations hereunder:

- a) each of the Vendors is a corporation duly incorporated, organized and subsisting under the laws of its respective jurisdiction of incorporation;
- b) each the Vendors is not a non-resident of Canada for purposes of the *Income Tax Act* or the *Excise Tax Act*, as applicable;
- c) as of the date hereof, to the best of each Vendor's actual knowledge, and without investigation, no notices of termination have been received by the Vendors under any customer or vendor contracts of the Vendors; and
- d) subject to obtaining the Sale Process Order and the Approval and Vesting Order and, if applicable, the Assignment Order, the Vendors have the requisite power and authority to enter into this Agreement and to complete the Transaction contemplated hereunder.

Section 5.3 Limitations

With the exception of the Vendors' representations and warranties in Section 5.2 and the Purchaser's representations and warranties in Section 5.1, none of the Vendors or the Purchaser, or their respective Representatives, nor any of their respective officers, directors or Employees make, have made or shall be deemed to have made any other representation or warranty, express or implied, at law or in equity, in respect of the Vendors, the Purchaser, or the Purchased Assets or the sale and purchase of the Purchased Assets pursuant to this Agreement.

ARTICLE 6 COVENANTS

Section 6.1 Conduct of Business in the Ordinary Course

- (1) The Vendors shall use commercially reasonable efforts to conduct their business in the Ordinary Course of Business except to the extent required to allow the Vendors to comply with their obligations under this Agreement, subject in all cases to any limitation imposed by being subject to CCAA Proceedings and any Court order.

- (2) Without limiting the generality of Section 6.1(1), the Vendors shall use their commercially reasonable efforts to:
- a) remain in possession of the Purchased Assets until Closing, use the Purchased Assets only in the Ordinary Course of Business and maintain, preserve and protect the Purchased Assets in the condition in which they exist on the date hereof, other than ordinary wear and tear and other than replacements, dispositions, modifications or maintenance in the Ordinary Course of Business,
 - b) keep the Health Canada Licenses in good standing,
 - c) not dispose of any of the Purchased Assets, other than Inventory in the Ordinary Course of Business or as permitted under the Initial Order;
 - d) not disclaim any contract that is material to the business of the Vendors without the prior written consent of the Purchaser; and
 - e) not enter into any material contract or other material written agreement in respect of any of the Purchased Assets other than in the Ordinary Course of Business; except, in each case, with the prior written consent of the Purchaser, such consent not to be unreasonably withheld, or an order of the Court, and provided that such consent of the Purchaser shall be deemed to have been given with respect to any request for such a consent to which the Purchaser fails to respond within two (2) Business Days after such request is made.
- (3) The Vendors, with the assistance of the Monitor, shall provide an estimate of the Closing Cash Payment amount to the Purchaser and all other interested parties one week prior to the bid deadline.

Section 6.2 Actions to Satisfy Closing Conditions

- (1) The Vendors agree to take all commercially reasonable actions so as to ensure compliance with all of the conditions set forth in Section 7.1 and Section 7.3.
- (2) If the Purchaser is the Successful Bidder, the Vendors agree prior to the Closing Date to take all commercially reasonable efforts to assist the Purchaser with the transition of customer and supplier relationships from the Vendors to the Purchaser. The Purchaser agrees to take all commercially reasonable efforts so as to ensure compliance with all of the conditions set forth in Section 7.2 and Section 7.3.

ARTICLE 7 CONDITIONS PRECEDENT

Section 7.1 Conditions Precedent in favour of the Purchaser

- (1) The obligation of the Purchaser to complete the Transaction is subject to the following conditions being fulfilled or performed:

- a) all representations and warranties of the Vendors contained in this Agreement shall be true in all material respects as of the Closing Time with the same effect as though made on and as of that date;
 - b) the Vendors shall have performed each of their obligations under this Agreement to the extent required to be performed at or before the Closing Time, including the delivery of each of the items required pursuant to Section 8.3;
 - c) all stays of proceedings provided for in the CCAA Proceedings, including in any Court orders granted therein, shall have remained in effect as at the Closing Time except where any such stay is terminated or lifted or amended in a manner which is not materially prejudicial to the Purchaser or which does not materially adversely affect the Purchaser's rights under this Agreement or the Purchased Assets;
 - d) the Vendors shall have entered into a Transition Agreement on terms acceptable to the Purchaser, acting reasonably; and
 - e) the Purchaser shall have obtained a valid and binding assignment of the Health Canada Licenses or replacement licenses that are substantially similar to the Health Canada Licenses, in each case on terms satisfactory to the Purchaser, in its sole discretion.
- (2) The foregoing conditions are for the exclusive benefit of the Purchaser. Any condition in this Section 7.1 may be waived by the Purchaser in whole or in part, without prejudice to any of its rights of termination in the event of non-fulfillment of any other condition in whole or in part. Any such waiver shall be binding on the Purchaser only if made in writing. If any condition set out in Section 7.1 is not satisfied or performed on or prior to the Outside Date, the Purchaser may elect on written notice to the Vendors to terminate this Agreement.

Section 7.2 Conditions Precedent in favour of the Vendors

- (1) The obligation of the Vendors to complete the Transaction is subject to the following conditions being fulfilled or performed:
- a) all representations and warranties of the Purchaser contained in this Agreement shall be true in all material respects as of the Closing Time with the same effect as though made on and as of that date; and
 - b) the Purchaser shall have performed in all material respects each of its obligations under this Agreement to the extent required to be performed at or before the Closing Time, including the delivery of each of the items required pursuant to Section 8.2.
- (2) The foregoing conditions are for the exclusive benefit of the Vendors. Any condition in this Section 7.2 may be waived by the Vendors in whole or in part, without

prejudice to any of its rights of termination in the event of non-fulfilment of any other condition in whole or in part. Any such waiver shall be binding on the Vendors only if made in writing. If any condition set forth in Section 7.2 is not satisfied or performed on or prior to the Outside Date, the Vendors may elect on written notice to the Purchaser to terminate the Agreement.

Section 7.3 Conditions Precedent in favour of both the Purchaser and the Vendors

- (1) The obligations of the Vendors and the Purchaser to complete the Transaction are subject to the following conditions being fulfilled or performed:
 - a) the Sales Process Order shall have been granted on terms satisfactory to the Purchaser and Vendors, each acting reasonably, and the Purchaser shall be the Successful Bidder;
 - b) the Approval and Vesting Order shall have been obtained and shall not have been stayed, varied, or vacated;
 - c) the Transition Agreement shall have been approved by the Court, including without limitation an order making the Transition Agreement binding on a trustee in bankruptcy of the Vendors, and/or a receiver of the Vendors' interests in any Non-Assignable Interests;
 - d) no order shall have been issued by a Governmental Authority which restrains or prohibits the completion of the Transaction; and
 - e) no motion, action or proceedings shall be pending by or before a Governmental Authority to restrain or prohibit the completion of the Transaction contemplated by this Agreement.
- (2) The Parties hereto acknowledge that the foregoing conditions are for the mutual benefit of the Vendors and the Purchaser. If the conditions set out in this Section 7.3 are not satisfied performed or mutually waived on or before the Outside Date, any Party shall have the option to terminate this Agreement upon written notice to the other Parties.

ARTICLE 8 CLOSING

Section 8.1 Closing

Subject to the conditions set out in this Agreement, the completion of the Transaction shall take place at the Closing Time at the offices of Torys LLP, or as otherwise determined by mutual agreement of the Parties in writing and the Parties shall exercise commercially reasonable efforts to cause Closing to occur at the Closing Time and, in any event, prior to the Outside Date.

Section 8.2 Purchaser's Deliveries on Closing

At or before the Closing Time, the Purchaser shall execute and deliver, or arrange for the delivery, as the case may be, to the Vendors the following, each of which shall be in form and substance satisfactory to the Vendors, acting reasonably:

- a) the Closing Cash Payment in accordance with Section 3.2b) and evidence reasonably satisfactory to the Purchaser that the Credit Bid Amount has been set off and extinguished against the Monetary Purchase Price;
- b) payment of Transfer Taxes required by Applicable Law to be collected by any Vendor, or alternatively, if applicable, the election(s) referred to in Section 3.3(1)c) executed by the Purchaser;
- c) an executed assignment and assumption agreement evidencing the assumption by the Purchaser of the Assumed Obligations;
- d) an executed assignment agreement evidencing the assumption by the Purchaser of all Intellectual Property;
- e) a certificate dated as of the Closing Date confirming that all of the representations and warranties of the Purchaser contained in this Agreement are true in all material respects as of the Closing Time, with the same effect as though made at and as of the Closing Time, and that the Purchaser has performed in all respects the covenants to be performed by it prior to the Closing Time; and
- f) such further and other documentation as is referred to in this Agreement or as the Vendors may reasonably require to give effect to this Agreement.

Section 8.3 Vendors' Deliveries on Closing

At or before the Closing Time, the Vendors shall execute and deliver, or arrange for the delivery, as the case may be, to the Purchaser the following, each of which shall be in form and substance satisfactory to the Purchaser, acting reasonably:

- a) the Purchased Assets, which shall be delivered *in situ* wherever located as of the Closing;
- b) the Approval and Vesting Order;
- c) the Transition Agreement;
- d) an executed assignment and assumption agreement evidencing the assignment by the Vendors of the Assumed Obligations to the Purchaser;
- e) an executed assignment agreement evidencing the assignment by the Vendors of all Intellectual Property to the Purchaser;

- f) a true and complete copy of all Assignment Orders, if any, entered by the Court;
- g) a certificate dated as of the Closing Date confirming that all of the representations and warranties of the Vendors contained in this Agreement are true in all material respects as of the Closing Time, with the same effect as though made at and as of the Closing Time, and that the Vendors have performed in all material respects the covenants to be performed by them prior to the Closing Time;
- h) if applicable, the election(s) referred to in Section 3.3(1)c) executed by the Vendors;
- i) the executed Monitor's Certificate;
- j) a valid and binding assignment of the Health Canada Licenses on terms satisfactory to the Purchaser, acting reasonably, unless replacements therefor have been obtained; and
- k) such further and other documentation as is referred to in this Agreement or as the Purchaser may reasonably require to give effect to this Agreement.

Section 8.4 Possession of Assets

- (1) On Closing, the Purchaser shall take possession of the Purchased Assets where situate at Closing. The Purchaser acknowledges that the Vendors have no obligation to deliver physical possession of the Purchased Assets to the Purchaser. In no event shall the Purchased Assets be sold, assigned, transferred or set over to the Purchaser until the conditions set out in the Approval and Vesting Order have been satisfied or waived by the Purchaser or Vendors, as applicable, and the Purchaser has satisfied all delivery requirements outlined in Section 8.2. The Purchaser shall promptly notify the Vendors of any Excluded Assets which may come into the possession or control of the Purchaser, whether before or after Closing, and thereupon shall promptly release such Excluded Assets to the Vendors, or to such other Person as the Vendors may direct in writing and, for greater certainty, title shall not be deemed to vest to the Purchaser in respect of any Excluded Assets. The Vendors shall have no obligation to remove any Excluded Equipment from any premises that constitute part of Purchased Assets. All right, title and interest in any such Excluded Equipment which is not sold or removed from such premises after three months following Closing shall vest in the Purchaser unless the Purchaser objects to such title transfer in which case, right, title and interest shall continue to vest in the Vendors but the Purchaser shall be entitled to dispose of such Excluded Equipment at the Purchaser's expense.
- (2) The Purchased Assets shall be and remain until Closing at the risk of the Vendors. In the event of material (exceeding \$100,000) damage by fire or other hazard to the Purchased Assets or any part thereof occurring before the Closing Date, the Vendors shall immediately advise the Purchaser thereof by notice in writing.

Section 8.5 Dispute Resolution

If any dispute arises with respect to any matter related to the Transaction or the interpretation or enforcement of this Agreement such dispute will be determined by the Court, or by such other Person or in such other manner as the Court may direct or as mutually agreed by the Vendors and the Purchaser.

Section 8.6 Termination

- (1) This Agreement shall automatically terminate at any time prior to the Closing Time by mutual written agreement of the Vendors and the Purchaser and on consent of the Monitor.
- (2) This Agreement may be terminated at any time prior to the Closing Time upon the occurrence of any of the following:
 - a) a condition precedent has not been satisfied or waived pursuant to and in accordance with Article 7 and a Party entitled to terminate this Agreement as a result thereof has delivered written notice of termination pursuant to Article 7 (provided that the terminating Party has not failed to satisfy a closing condition under this Agreement); or
 - b) Closing shall not have occurred on or prior to the Outside Date in accordance with Section 7.3 and any of the Parties shall have delivered written notice of termination to the other Parties terminating this Agreement as a result thereof (provided that the terminating Party has not failed to satisfy a closing condition under this Agreement).

Section 8.7 Effects of Termination and Closing

- (1) If this Agreement is terminated pursuant to Section 8.6, all further obligations of the Parties under or pursuant to this Agreement shall terminate without further liability of any Party to the other except for the provisions of this Section 8.7 (Effects of Termination and Closing), each of which will survive termination.
- (2) If the Transaction is not completed by the Outside Date solely as a result of the Vendors' failure to perform any of their obligations under this Agreement, then the Expense Reimbursement shall become due and payable to the Purchaser in accordance with the terms of this Agreement.
- (3) Under no circumstance shall any of the Parties, their Representatives or their respective directors, officers, employees or agents be liable for any special, punitive, exemplary, consequential or indirect damages (including loss of profits) that may be alleged to result, in connection with, arising out of, or relating to this Agreement or the transactions contemplated herein.

**ARTICLE 9
GENERAL**

Section 9.1 Access to Books and Records

- (1) For a period of two years from the Closing Date or for such longer period as may be reasonably required for the Vendors (or any trustee in bankruptcy of the estate of the Vendors) to comply with Applicable Law, the Purchaser will retain all original Books and Records that are transferred to the Purchaser under this Agreement. So long as any such Books and Records are retained by the Purchaser pursuant to this Agreement, the Vendors (and any representative, agent, former director or officer or trustee in bankruptcy of the estate of the Vendors, including the Monitor) has the right to inspect and to make copies (at its own expense) of them at any time upon reasonable request during normal business hours and upon reasonable notice for any proper purpose and without undue interference to the business operations of the Purchaser.

Section 9.2 Notice

- (1) Any notice or other communication under this Agreement shall be in writing and may be delivered by read-receipted email, addressed:
- a) in the case of the Purchaser, as follows:

Trichome Financial Corp.
150 Bay Street West, Suite 200
Toronto, Ontario
M5H 1J9

Attention: Michael Ruscetta
Email: mruscetta@trichomefinancial.com

With a copy to:

Torys LLP
79 Wellington Street West
Suite 3000
Toronto, Ontario
M5K 1N2

Attention: Scott Bomhof
Email: sbomhof@torys.com

- b) in the case of the Vendors, as follows:

James E. Wagner Cultivation Corporation
 PO Box 46015
 Kitchener, Ontario
 N2E 4J3

Attention: Nathan Woodworth
 Email: nathan@jwcmed.com

With a copy to:

Bennett Jones LLP
 3400 - 100 King Street West
 Toronto, Ontario
 M5X 1A4

Attention: Sean Zweig
 Email: zweigs@bennettjones.com

- c) in each case, with a further copy to the Monitor, as follows:

KSV Kofman Inc.
 150 King Street West
 Suite 2308
 Toronto, Ontario
 M5H 1J9

Attention: Bobby Kofman/Noah Goldstein
 Email: bkofman@ksvadvisory.com/ngoldstein@ksvadvisory.com

- (2) Any such notice or other communication, if transmitted by email before 5:00 p.m. (Toronto time) on a Business Day, will be deemed to have been given on such Business Day, and if transmitted by email after 5:00 p.m. (Toronto time) on a Business Day, will be deemed to have been given on the Business Day after the date of the transmission.
- (3) Sending a copy of a notice or other communication to a Party's legal counsel as contemplated above is for information purposes only and does not constitute delivery of the notice or other communication to that Party. The failure to send a copy of a notice or other communication to legal counsel does not invalidate delivery of that notice or other communication to a Party.

Section 9.3 Time

Time shall, in all respects, be of the essence hereof, provided that the time for doing or completing any matter provided for herein may be extended or abridged by an agreement in writing signed by the Vendors and the Purchaser.

Section 9.4 Survival

The representations and warranties of the Parties contained in this Agreement shall merge on Closing and the covenants of the Parties contained herein to be performed after the Closing shall survive Closing and remain in full force and effect.

Section 9.5 Personal Information

The Purchaser hereby acknowledges that it is aware, and that it will advise its Representatives, that privacy legislation, including the *Personal Information Protection and Electronic Documents Act* (Canada), applies to certain information that may be disclosed to the Purchaser and its Representatives pursuant to this Agreement and/or the Transaction. The Purchaser agrees to comply, and cause its Representatives to comply, with such privacy legislation in connection with any such information disclosed to it or any of them.

Section 9.6 Benefit of Agreement

This Agreement shall enure to the benefit of and be binding upon the Parties and their respective successors and permitted assigns.

Section 9.7 Entire Agreement

This Agreement, the attached Schedules hereto, constitute the entire agreement between the Parties with respect to the subject matter hereof and supersede all prior negotiations, understandings and agreements. This Agreement may not be amended or modified in any respect except by written instrument executed by all of the Parties.

Section 9.8 Paramountcy

In the event of any conflict or inconsistency between the provisions of this Agreement, and any other agreement, document or instrument executed or delivered in connection with this Transaction or this Agreement, the provisions of this Agreement shall prevail to the extent of such conflict or inconsistency.

Section 9.9 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein and each of the Parties irrevocably attorns to the non-exclusive jurisdiction of the courts of the Province of Ontario.

Section 9.10 Commission

The parties acknowledge that the M&A Advisor has been retained and may be entitled to payment of fees in accordance with the SISP. The Purchaser agrees to indemnify the Vendors and its Representatives against any claim for compensation or commission by any third party or agent retained by the Purchaser in connection with, or in contemplation of, the Transaction and the Vendors shall indemnify the Purchaser and its Representatives for any third party or agent or broker fees or other commissions payable by the Vendors on the Purchase Price or otherwise in connection with the Transaction.

Section 9.11 Assignment by Purchaser

This Agreement may be assigned by the Purchaser prior to the issuance of the Approval and Vesting Order, without the prior written consent of the Vendors or the Monitor, provided that such assignee is also the holder of the Purchaser's interests under the Loan Agreement, the Factoring Agreement and the DIP Facility. If the Purchaser assigns its rights under this Agreement, (i) the Purchaser shall provide prior notice of such assignment to the Vendors, and (ii) such assignee shall agree to be bound by the terms of this Agreement to the extent of the assignment; provided, however, that any such assignment shall not relieve the Purchaser of its obligations hereunder.

Section 9.12 Further Assurances

Each of the Parties shall, at the request and expense of the requesting Party, take or cause to be taken such action and execute and deliver or cause to be executed and delivered to the other such conveyances, transfers, documents and further assurances as may be reasonably necessary or desirable to give effect to this Agreement.

Section 9.13 Counterparts

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which shall constitute one and the same agreement. Transmission by facsimile or by e-mail of an executed counterpart of this Agreement shall be deemed to constitute due and sufficient delivery of such counterpart.

Section 9.14 Severability

Notwithstanding any provision herein, if a condition to complete the Transaction, or a covenant or an agreement herein is prohibited or unenforceable pursuant to Applicable Law, then such condition, covenant or agreement shall be ineffective to the extent of such prohibition or unenforceability without invalidating the other provisions hereof.

Section 9.15 Monitor's Certificate

The Parties acknowledge and agree that the Monitor shall be entitled to deliver to the Purchaser, and file with the Court, the executed Monitor's Certificate without independent investigation, upon receiving written confirmation from both Parties (or the applicable Party's counsel) that all conditions of Closing in favour of such Party have been satisfied or waived, and the Monitor shall have no liability to the Parties in connection therewith. The Parties further acknowledge and agree that (i) upon written confirmation from both Parties that all conditions of Closing in favour of such Party have been satisfied or waived (other than the payments contemplated in Section 3.2 and the delivery of the executed Monitor's Certificate), the Monitor may deliver the executed Monitor's Certificate to the Purchaser's counsel in escrow, with the sole condition of its release from escrow being the Monitor's written confirmation that all such funds have been received, the Monitor's Certificate will be released from escrow to the Purchaser, and the Closing shall be deemed to have occurred.

Section 9.16 Monitor's Capacity

The Vendors and the Purchaser acknowledge and agree that the Monitor, acting in its capacity as Monitor of the Vendors, will have no liability, in its personal capacity or otherwise, in connection with this Agreement whatsoever as Monitor.

[THE REMAINDER OF THIS PAGE HAS BEEN LEFT INTENTIONALLY BLANK]

IN WITNESS WHEREOF, the Parties have executed this Agreement.

PURCHASER:

TRICHOME FINANCIAL CORP.

By: 

Name:
Title:

VENDORS:

JAMES E. WAGNER CULTIVATION CORPORATION

By: _____
Name:
Title:

JAMES E. WAGNER CULTIVATION LTD.

By: _____
Name:
Title:

JWC 1 LTD.

By: _____
Name:
Title:

JWC 2 LTD.

By: _____
Name:
Title:

JWC SUPPLY LTD.

By: _____
Name:
Title:

IN WITNESS WHEREOF, the Parties have executed this Agreement.


PURCHASER:

TRICHOME FINANCIAL CORP.


By: _____
Name:
Title:

VENDORS:

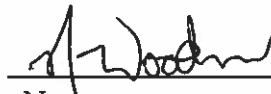
JAMES E. WAGNER CULTIVATION CORPORATION

By: 
Name:
Title:


JAMES E. WAGNER CULTIVATION LTD.

By: 
Name:
Title:

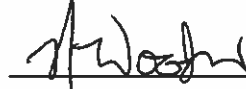
JWC 1 LTD.

By: 
Name:
Title:


JWC 2 LTD.

By: 
Name:
Title:

JWC SUPPLY LTD.

By: 
Name:
Title:

GROWTHSTORM INC.

By: 

Name:

Title:

Schedule A - Purchased Assets

- (1) All cash and cash equivalents;
- (2) All movable property, leasehold improvements and equipment, furniture, fixtures and other fixed assets, if any (excluding those that are subject to capital leases), in addition to all computer hardware used in connection with the business;
- (3) All Books and Records;
- (4) All inventory of the Vendors used in the carrying on of its business;
- (5) The benefit of all contracts or other agreements listed in Appendix 1 to this Schedule A in each case, as amended, extended, assigned or otherwise modified, which shall include, (in this Schedule A, the “**Assumed Contracts**”);
- (6) All Accounts Receivable;
- (7) All SRED Credits;
- (8) All prepaid expenses to the extent necessary for the operation of the business form and after the Closing;
- (9) All supplies owned by the Vendors and used in connection with the business;
- (10) All Intellectual Property owned or licensed by the Vendors and used in or relating to the carrying on of the business, including Intellectual Property developed by the Vendors’ employees;
- (11) All customer guarantees, customer notes, security agreements, financing statements under applicable personal property security legislation, customer deposits or collateral, filings or property securing customer obligations (in each case, solely to the extent related to any of the Accounts Receivables and/or Assumed Contracts);
- (12) All government licenses, approvals, permits or similar used in connection with the business, to the extent they are assignable; and

A - 1

- (13) All goodwill associated with the business or the Purchased Assets, including the right to carry on the business in continuation of the Vendors.

Appendix 1 to Schedule A - Assumed Contracts

The following leases:

- Lease dated December 13, 2013, between Blue Top Properties (885 Trillium) Inc. and JWC Ltd. in respect of the Facility
- Lease dated February 1, 2018, between Homer Land Corp. and JWC Ltd. in respect of the Second Facility

The following customer contracts:

- Master Cannabis Supply Agreement between JWC and Ontario Cannabis Retail Corporation dated February 19, 2020
- Supply Arrangements between JWC and Prince Edward Island Cannabis Management Corporation
- Agreements related to the Private Label and Commercial Packaging agreement between JWC and Atlantic Cultivation Limited

Schedule B - Excluded Assets

1. Benefit Plans

B - 1

Schedule C

IN THE MATTER OF JAMES E. WAGNER CULTIVATION COPORATION JAMES E. WAGNER CULTIVATION LTD., JWC 1 LTD., JWC 2 LTD., JWC SUPPLY LTD. AND GROWTHSTORM INC. (the "VENDORS")

Bidding Procedures

Set forth below are the bidding procedures (the "**Bidding Procedures**") to be employed with respect to the sale (the "**Sale**") of the Vendors' assets pursuant to a court approved solicitation process in the CCAA Proceedings of the Vendors.

On April ■, 2020, the Court issued an order (the "**Sale Process Order**") approving and accepting for the purpose of conducting a "stalking horse" solicitation process (the "**Stalking Horse Process**") in accordance with these Bidding Procedures that certain asset purchase agreement dated March 31, 2020 (the "**Stalking Horse Bid**") between the Vendors and Trichome Financial Corp. (the "**Stalking Horse Bidder**"), including, without limitation, the appointment of Stoic Advisory Inc. as M&A advisor to the Vendors (the "**M&A Advisor**"), the payment of an expense reimbursement (the "**Expense Reimbursement**") by the Vendors to the Stalking Horse Bidder in accordance with the provisions of the Stalking Horse Bid, and approving these Bidding Procedures.

Subject to Court availability and the terms hereof, within ten (10) business days following the Auction (defined below) the Vendors shall bring a motion (the "**Approval and Vesting Order Motion**") seeking the granting of an order by the Court authorizing the Vendors to proceed with the Sale of the Vendors' Assets to the Qualified Bidder making the Successful Bid (each as defined below) (the "**Successful Bidder**") (such order, as approved, the "**Approval and Vesting Order**").

Key Dates

■ at 5:00 p.m. (prevailing Eastern Time)	Delivery of Teasers and Sales Packages
■ at 5:00 p.m. (prevailing Eastern Time)	Confidential Data-Site to be established
■ at 5:00 p.m. (prevailing Eastern Time)	Bid Deadline - Due Date for Bids and Deposits
■ at 12:00 noon (prevailing Eastern Time)	Monitor to provide the Stalking Horse Bidder and each Qualified Bidder a schedule setting forth either or both (i) the highest or otherwise best fully binding offer for all of the Debtors' Assets and (ii) the highest or otherwise best fully binding offer(s) for all or any combination of the Purchased Assets
■ at 10:00 a.m. (prevailing Eastern Time)	Auction (if any)
■ at 10:00 a.m. (prevailing Eastern Time) (pending the Court's availability), if the Auction is cancelled	Approval and Sale Order hearing
■ at 10:00 a.m. (prevailing Eastern Time) (pending the Court's availability), if there is an Auction	Approval and Sale Order hearing

Assets to Be Sold En Bloc or Piecemeal

The Vendors are offering for Sale all of the Vendors' right, title and interest in and to all of the Vendors' assets (the "**Vendors' Assets**") and the Vendors will consider (i) a bid for all of the Vendors' Assets (an "**En Bloc Bid**"); or (ii) separate bids to acquire some but not all of the Vendors' assets (a "**Piecemeal Bid**"), provided that the Vendors will only consider Piecemeal Bids if a combination of one or more Piecemeal Bids in the aggregate

meet the requirements to be a Qualified Bid (as defined below). The M&A Advisor under the supervision of the Special Committee of the Board of JWC (the “**Special Committee**”) and KSV Kofman Inc., in its capacity as Monitor of the Vendors (the “**Monitor**”), will be responsible for conducting the solicitation process and an auction (the “**Auction**”) (if any) on behalf of the Vendors. The Auction, if any, will be conducted by the Monitor. The Vendors’ preferred transaction structure is for En Bloc Bid.

Although the Vendors are seeking bids to purchase some or all of the Vendors’ assets, the Vendors will also consider a bid that contemplates a Plan of Restructuring for the Vendors (a “**Plan Bid**”) provided that such Plan Bid will only be a Qualified Bid if it: (i) provides for the indefeasible payment in full of the amounts owing to Trichome Financial Corp, including without limitation the secured indebtedness owing to Trichome Financial Corp. and the Expense Reimbursement amount under the Stalking Horse APA, on or before the Outside Date regardless of the timeline for such Plan Bid; (ii) has conditions that, in the reasonable opinion of the Vendors and the Monitor, are likely to be satisfied; and (iii) includes a fully-funded commitment to provide any additional interim financing required by the Vendors to complete all steps required to implement such Plan Bid, such financing to be subordinate to the existing Administration Charge, D&O Charge and DIP Charge.

The Bidding Process

The M&A Advisor, under the supervision of the Special Committee and the Monitor, shall be responsible for the marketing and sale of the Vendors’ Assets pursuant to the process described by the Monitor’s Report to Court dated ■, 2020 (the “**Bidding Process**”), which is set out below. The Monitor, with the consent of the Special Committee, shall have the right to adopt such other rules for the Bidding Process (including rules that may depart from those set forth herein) that in its reasonable business judgment will better promote the goals of the Bidding Process, *provided, however*, that the adoption of any rule that materially deviates from these Bidding Procedures shall require the prior written consent of the Stalking Horse Bidder or a further Order of the Court.

Participation Requirements

“**Qualified Bidder**” is a bidder who submits a bid in substantially the same form as the Stalking Horse Bid, for a cash purchase price of at least CAD\$■ and includes the Required Bid Terms and Materials (as defined below). Any bid meeting these criteria that is received by the Monitor before the Bid Deadline is a qualified bid (“**Qualified Bid**”).

Bid Deadline

A Qualified Bidder that desires to make a bid shall deliver written copies of its bid and the Required Bid Terms and Materials to the Monitor no later than 5:00 p.m. (prevailing Eastern time) on ■, 2020 (the “**Bid Deadline**”). The Monitor shall forthwith provide copies of any bids received to the Special Committee.

Bid Requirements

All bids (other than the Stalking Horse Bid) must include, unless such requirement is waived by the Monitor after consultation with the Special Committee, the following (collectively, the “**Required Bid Terms and Materials**”):

- (i) A base cash purchase price equal to or greater than CAD\$■, being the estimated amount payable under the Stalking Horse Bid (\$■), inclusive of the Closing Cash Payment, plus the amount of the DIP Facility plus the Expense Reimbursement (\$100,000) and \$250,000 bid increment (collectively, the “**Base Purchase Price**”);

A provision stating that the bidder’s offer is irrevocably open for acceptance until the earlier of (i) the date that the Vendors’ Assets have been sold pursuant to the closing of the sale approved by the Court; and (ii) the Outside Date;

- (ii) An executed copy of a proposed purchase agreement and a redline of the bidder’s proposed purchase agreement reflecting variations from the Stalking Horse Bid (the “**Marked Agreement**”);
- (iii) A cash deposit in the amount of not less than fifteen *per cent* (15%) of the amount of the Base Purchase Price, in the form of a wire transfer, certified cheque or such other form acceptable to the Monitor (the “**Bid Deposit**”), which shall be held in the trust account of the Monitor’s solicitors (the “**Escrow Account**”). Funds shall be disbursed from the Escrow Account only as follows: (i) if the Qualified Bidder is the Successful Bidder, its Bid Deposit will be applied without interest on Closing to the purchase price payable by it under its bid on the closing thereof; and (ii) if the Qualified Bidder is not the Successful Bidder, then its Bid Deposit shall be returned without interest to it forthwith following the expiration of its offer (which in the case of the Back-Up Bidder shall be following closing of the sale to the Successful Bidder).

For the purposes of these Bidding Procedures, the Monitor shall provide all bidders with an estimate of the anticipated amount owing under the DIP Facility as of the Closing Date, provided however that the Successful Bidder must agree to adjust its bid (either higher or lower) to reflect the actual amount owing under the DIP Facility on Closing.

A bid received from a Qualified Bidder that includes all of the Required Bid Terms and Materials and is received by the Bid Deadline is a “**Qualified Bid**”. The Monitor shall review the Qualified Bids and shall recommend to the Special Committee which Qualified Bid is the best offer. The Special Committee, in consultation with the Monitor, reserves the right to determine the value of any Qualified Bid, and which Qualified Bid constitutes the best offer (the “**Lead Bid**”). Details of the Lead Bid will be provided by the Monitor to all Qualified Bidders after the Bid Deadline and no later than 5:00p.m. (Eastern Time) two (2) Business Days before the date scheduled for the Auction.

Notwithstanding the bid requirements detailed above, the Stalking Horse Bid shall be deemed to be a Qualified Bid and the Stalking Horse Bidder shall be deemed to be a Qualified Bidder.

“As Is, Where Is, With All Faults”

The Sale of the Vendors’ Assets shall be on an “as is, where is” and “with all faults” basis and without representations, warranties, or guarantees, express, implied or statutory, written or oral, of any kind, nature, or description by the Monitor or the Vendors or their agents, representatives, partners or employees, or any of the other parties participating in the sales process pursuant to these Bid Procedures, except as may otherwise be provided in a definitive purchase agreement with the Vendors. By submitting a bid, each Qualified Bidder shall be deemed to acknowledge and represent that it has had an opportunity to conduct any and all due diligence regarding the Vendors’ Assets prior to making its bid, that it has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the Vendors’ Assets in making its bid, and that it did not rely upon any written or oral statements, representations, warranties, or guarantees, express, implied, statutory or otherwise, regarding the Vendors’ Assets, the financial performance of the Vendors’ Assets or the physical condition or location of the Vendors’ Assets, or the completeness of any information provided in connection therewith or the Auction, except as expressly stated in these Bidding Procedures or as set forth in a definitive purchase agreement with the Vendors.

Free of Any and All Liens

Except as otherwise provided in the Stalking Horse Bid or another Successful Bidder’s purchase agreement, and subject to any permitted encumbrances therein, all of the Vendors’ right, title and interest in and to the Vendors’ Assets shall be sold free and clear of all liens and encumbrances pursuant to the Approval and Vesting Order except for Permitted Encumbrances (as defined in the Stalking Horse Bid).

The Sale and Auction Process

If one or more Qualified Bids (other than that submitted by the Stalking Horse Bidder) have been received by the Monitor on or before the Bid Deadline, the Monitor shall advise all Qualified Bidders of the Lead Bid and invite all Qualified Bidders (including the Stalking Horse Bidder) to attend the Auction to be conducted by the Monitor in accordance with the **Auction Procedures** attached hereto as Appendix 1. The Auction may be conducted in person or by video conference.

If no Qualified Bid is submitted by the Bid Deadline, then the Stalking Horse Bid shall be the Successful Bid, and the Stalking Horse Bidder shall be the Successful Bidder and the Auction shall be cancelled.

Monitor and Special Committee to Determine Highest and/or Best Bid: The Monitor shall determine after each round of offers in the Auction, in its reasonable business judgment, the best bid and shall recommend this bid to the Special Committee as the Lead Bid. In making such determination, the Monitor and the Special Committee may consider, without limitation: (i) the amount and nature of the consideration; (ii) the proposed assumption of liabilities, if any, and the related implied impact on recoveries for creditors; (iii) the ability of the Qualified Bidder in question to close the proposed transaction; (iv) the proposed closing date and the likelihood, extent and impact of any potential delays in closing; (v) any purchase price adjustment; (vi) the net economic effect of any changes made to the Stalking Horse Bid; and (vii) such other considerations as the Monitor or the Special Committee deems relevant in its reasonable business judgment. At the end of each round of offers, the Monitor shall advise the Qualified Bidders of the material terms of the then highest and/or best bid, and the basis for calculating the total consideration offered in such offer. If at the end of any round of bidding a Qualified Bidder has elected not to submit a further bid meeting the criteria set out herein (including the Minimum Bid Increment), then such Qualified Bidder shall not be entitled to continue to participate in the next round of offers or in any subsequent round.

If only one Qualified Bid is submitted after a round of offers then that Qualified Bid shall be the Successful Bidder. The next highest offer, as determined by the Special Committee based on the Monitor's recommendation (the "**Back-up Bid**"), shall be required to keep its offer open and available for acceptance until the closing of the Court Approved Sale of the Vendors' Assets to the Successful Bidder.

Highest versus Best Offer

In determining the Lead Bid, the highest and/or best sale offer during each round of offers, and the Successful Bid, the Monitor and the Special Committee are not required to select the offer with the highest purchase price and may, exercising their reasonable business judgment, select another offer on the basis that it is the best offer even though not the highest purchase price. Without limiting the foregoing, the Monitor and the Special Committee may give such weight to the non-monetary considerations as it determines, exercising its reasonable business judgment,

is appropriate and reasonable, including those considerations described above under “Monitor and the Special Committee to Determine Highest and/or Best Bid”.

Expense Reimbursement

To provide an incentive and to compensate the Stalking Horse Bidder for performing the substantial due diligence and incurring the expenses necessary in entering into the Stalking Horse Bid with the knowledge and risk that arises from participating in the sale and subsequent bidding process, the Vendors have agreed to pay the Stalking Horse Bidder, under the conditions outlined herein and in the Stalking Horse Bid, an Expense Reimbursement on account of its reasonable and documented out of pocket fees and expenses, up to a maximum of \$100,000 inclusive of HST, in the event that the Stalking Horse Bidder is not the Successful Bidder.

The Expense Reimbursement is a material inducement for, and a condition of, the Stalking Horse Bidder’s entry into the Stalking Horse Bid. The Expense Reimbursement, if payable in accordance with the Stalking Horse Bid, shall be paid in accordance with the Stalking Horse Bid and the Sale Process Order.

Acceptance of Qualified Bids

The sale of the Vendors’ Assets to any Successful Bidder by the Vendors is expressly conditional upon the approval of the Successful Bid by the Court at the hearing of the Approval and Vesting Order Motion. The presentation of the Successful Bid to the Court for approval does not obligate the Vendors to close the transaction contemplated by such Successful Bid unless and until the Court approves the Successful Bid. The Vendors will be deemed to have accepted a bid only when the bid has been approved by the Court at the hearing on the Approval and Vesting Order Motion.

Approval and Vesting Order Motion Hearing

The Approval and Vesting Order Motion shall, subject to court availability, be made returnable on or before ■, 2020. The Special Committee, with the consent of the Monitor, reserves its right to the extent consistent with the Stalking Horse Bid to change the date of the hearing of Approval and Vesting Order Motion in order to achieve the maximum value for the Vendors’ Assets.

Miscellaneous

The solicitation process and these Bidding Procedures are solely for the benefit of the Vendors and nothing contained in the Sale Process Order or these Bidding Procedures shall create any rights in any other person (including, without limitation, any bidder or Qualified Bidder, and any rights as third party beneficiaries or otherwise) other than the rights expressly granted to a Successful Bidder under the Sale Process Order. The bid protections incorporated in these Bidding Procedures are solely for the benefit of the Stalking Horse Bidder.

Except as provided in the Bidding Procedures Order and Bidding Procedures, the Court shall retain jurisdiction to hear and determine all matters arising from or relating to the implementation of the Sale Process Order, the Stalking Horse Process and the Bidding Procedure.

APPENDIX I

Auction Procedures

Auction

1. If the Special Committee, based on the recommendation of the Monitor, determines to conduct an Auction pursuant to the Stalking Horse Bid Procedures, the Monitor will notify the Qualified Bidders who made a Qualified Bid that an Auction will be conducted. The Auction will be convened by the Monitor and conducted either by video conference or in person at the Toronto office of Davies Ward Phillips & Vineberg LLP at 10:00 a.m. (Eastern Time) on date that is determined by the Monitor, provided that that is not later than five (5) Business Days after the Bid Deadline, or such other place and time as the Monitor may advise. Capitalized terms used but not defined have the meaning given to them in the Stalking Horse Bid Procedures. The Auction shall be conducted in accordance with the following procedures:
 - a) Participation at The Auction. Only a Qualified Bidder is eligible to participate in the Auction. The Monitor shall provide all Qualified Bidders with the amount of the Leading Bid by 5:00pm (Eastern Time) two (2) Business Days before the date scheduled for the Auction. Each Qualified Bidder must inform the Monitor whether it intends to participate in the Auction no later than 12:00 p.m. (Eastern Time) on the Business Day prior to the Auction. Only the authorized representatives of each of the Qualified Bidders, the Monitor, the Vendors and their respective counsel and other advisors shall be permitted to attend the Auction.
 - b) Bidding at the Auction. Bidding at the Auction shall be conducted in rounds. The Leading Bid shall constitute the "Opening Bid" for the first round and the highest Overbid (as defined below) at the end of each round shall constitute the "Opening Bid" for the following round. In each round, a Qualified Bidder may submit no more than one Overbid. Any Qualified Bidder who bids in a round (including the

Qualified Bidder that submitted the Opening Bid for such round) shall be entitled to participate in the next round of bidding at the Auction.

- c) Monitor Shall Conduct the Auction. The Monitor and its advisors shall direct and preside over the Auction. At the start of each round of the Auction, the Monitor shall provide the terms of the Opening Bid to all participating Qualified Bidders at the Auction. The determination of which Qualified Bid constitutes the Opening Bid for each round shall take into account any factors that the Monitor and the Special Committee reasonably deem relevant to the value of the Qualified Bid, including, among other things, the following: (i) the amount and nature of the consideration; (ii) the proposed assumption of any liabilities and the related implied impact on recoveries for creditors; (iii) the Monitor's and the Special Committee's assessment of the certainty of the Qualified Bidder to close the proposed transaction on or before the Outside Date; (iv) the likelihood, extent and impact of any potential delays in closing; (v) the net economic effect of any changes from the Opening Bid of the previous round, and (vi) such other considerations as the Monitor or the Special Committee deems relevant in its reasonable business judgment (collectively, the "Bid Assessment Criteria"). All Bids made after the Opening Bid shall be Overbids, and shall be made and received on an open basis, and all material terms of the highest and best Overbid shall be fully disclosed to all other Qualified Bidders that are participating in the Auction. The Monitor shall maintain a record of the Opening Bid and all Overbids made and announced at the Auction.
- d) Terms of Overbids. An "Overbid" is any Bid made at the Auction subsequent to the Monitor's announcement of the Opening Bid. To submit an Overbid, in any round of the Auction, a Qualified Bidder must comply with the following conditions:
- (i) *Minimum Overbid Increment:* Any Overbid shall be made in minimum Cash Purchase Price increments of \$100,000 above the Opening Bid, or such increments as the Monitor, in consultation with the Special Committee, may determine in order to facilitate the Auction (the "Minimum Overbid Increment"). The amount of the cash purchase price consideration or value of any Overbid shall not be less than the cash purchase price consideration or value of the Opening Bid, plus the Minimum Overbid Increment(s) at that time, plus any additional Minimum Overbid Increments.
 - (ii) *The Bid Requirements same as for Qualified Bids:* Except as modified herein, an Overbid must comply with the Bid Requirements, provided, however, that the Bid Deadline shall not apply. Any Overbid made by a Qualified Bidder must provide that it remains irrevocable and binding on the Qualified Bidder and open for acceptance as a Back-Up Bid until the closing of the Successful Bid.

- (iii) *Announcing Overbids:* At the end of each round of bidding, the Monitor shall announce the identity of the Qualified Bidder and the material terms of the then highest and/or best Overbid, including the nature of the transaction, the assets proposed to be acquired and the obligations proposed to be assumed, the basis for calculating the total consideration offered in such Overbid based on, among other things, the Bid Assessment Criteria.
 - (iv) *Consideration of Overbids:* The Monitor, in consultation with the Special Committee, reserves the right to make one or more adjournments in the Auction in durations set by the Monitor to, among other things: (A) allow individual Qualified Bidders to consider how they wish to proceed; (B) consider and determine the current highest and/or best Overbid at any given time during the Auction; and, (C) give Qualified Bidders the opportunity to provide the Monitor or the Special Committee with such additional evidence as it may require that the Qualified Bidder has obtained all required internal corporate approvals, has sufficient internal resources, or has received sufficient non-contingent debt and/or equity funding commitments, to consummate the proposed transaction at the prevailing Overbid amount. The Monitor may have clarifying discussions with a Qualified Bidder, and the Monitor may allow a Qualified Bidder to make technical clarifying changes to its Overbid following such discussions. BIDDERS MUST OBTAIN ALL NECESSARY APPROVALS AND FUNDING COMMITMENTS IN ADVANCE OF THE AUCTION.
 - (v) *Failure to Bid:* If at the end of any round of bidding a Qualified Bidder (other than the Qualified Bidder that submitted the then highest and/or best Overbid or Opening Bid, as applicable) fails to submit an Overbid, then such Qualified Bidder shall not be entitled to continue to participate in the next round of the Auction.
- e) Additional Procedures. The Monitor, in consultation with the Special Committee, may adopt rules for the Auction at or prior to the Auction that will better promote the goals of the Auction, including rules pertaining to the structure of the Auction, the order of bidding provided they are not inconsistent with any of the provisions of the Stalking Horse Bid Procedures and provided further that no such rules may change the requirement that all material terms of the then highest and/or best Overbid at the end of each round of bidding will be fully disclosed to all other Qualified Bidders.
- f) Closing the Auction. The Auction shall be closed after the Special Committee, after considering the Monitor's recommendation has: (i) reviewed the final Overbid of each Qualified Bidder on the basis of financial and contractual terms and the factors relevant to the sale process, including those factors affecting the speed and

certainty of consummating the proposed sale; and (ii) identified the Successful Bid and the Back-Up Bid and the Monitor has advised the Qualified Bidders participating in the Auction of such determination

- g) Finalizing Documentation. Promptly following a Bid of a Qualified Bidder being declared the Successful Bid or the Back-Up Bid, the Qualified Bidder shall execute and deliver such revised and updated definitive transaction agreements as may be required to reflect and evidence the Successful Bid or Back-Up Bid. For greater certainty, every Bid made at Auction is deemed to be a signed and binding bid based on the bidder's original Qualified Bid.

Schedule D- Permitted Encumbrances

N/A

Schedule E- Form of Approval and Vesting Order

Court File No.

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

THE HONOURABLE) WEEKDAY, THE #
JUSTICE) DAY OF MONTH, 2020
)

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*. 1985, c. C-36, AS AMENDED

**AND IN THE MATTER OF JAMES E. WAGNER CULTIVATION CORPORATION,
JAMES E. WAGNER CULTIVATION LTD., JWC 1 LTD., JWC 2 LTD., JWC SUPPLY LTD.
AND GROWTHSTORM INC.**

APPROVAL AND VESTING ORDER

THIS MOTION, made by James E. Wagner Cultivation Corporation, James E. Wagner Cultivation Ltd., JWC 1 Ltd., JWC 2 Ltd., JWC Supply Ltd. and GrowthStorm Inc. (collectively,

the “**Vendors**”) for an order approving the sale transaction (the “**Transaction**”) contemplated by an agreement of purchase and sale (the “**Sale Agreement**”) between the Vendors and Trichome Financial Corp. (the “**Purchaser**”) dated ■ and vesting in the Purchaser all of the Vendors’ right, title and interest in and to the assets described in the Sale Agreement (the “**Purchased Assets**”), was heard this day at 330 University Avenue, Toronto, Ontario.

ON READING the motion record of the Vendors, ■ Report of KSV Kofman Inc. in its capacity as Monitor (the “**Monitor**”) and on hearing the submissions of counsel for the Vendors, the Monitor and the Purchaser, no one appearing for any other person on the service list, although properly served as appears from the affidavit of [NAME] sworn [DATE] filed:

1. **THIS COURT ORDERS AND DECLARES** that the Transaction is hereby approved, and the execution of the Sale Agreement by the Vendors and the Purchaser is hereby authorized and approved, with such minor amendments as the Vendors and the Purchaser, with the approval of the Monitor, may agree upon. The Vendors and the Monitor are hereby authorized and directed to take such additional steps and execute such additional documents as may be necessary or desirable for the completion of the Transaction and for the conveyance of the Purchased Assets to the Purchaser.

2. **THIS COURT ORDERS AND DECLARES** that upon the delivery of a Monitor’s certificate to the Purchaser substantially in the form attached as Schedule A hereto (the “**Monitor’s Certificate**”), all of the Vendors’ right, title and interest in and to the Purchased Assets described in the Sale Agreement shall vest absolutely in the Purchaser, free and clear of and from any and all security interests (whether contractual, statutory, or otherwise), hypothecs, mortgages, trusts or deemed trusts (whether contractual, statutory, or otherwise), liens, executions, levies, charges, or other financial or monetary claims, whether or not they have attached or been perfected, registered or filed and whether secured, unsecured or otherwise (collectively, the “**Claims**”) including, without limiting the generality of the foregoing: (i) any encumbrances or charges created by the Order of the Honourable ■ dated ■, 2020 and the Order of the Honourable Justice ■ dated ■, 2020; and (ii) all charges, security interests or claims evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario) or any other personal property registry system (all of which are collectively referred to as the “**Encumbrances**”

and, for greater certainty, this Court orders that all of the Encumbrances affecting or relating to the Purchased Assets are hereby expunged and discharged as against the Purchased Assets.

3. **THIS COURT ORDERS** that for the purposes of determining the nature and priority of Claims, the net proceeds from the sale of the Purchased Assets shall stand in the place and stead of the Purchased Assets, and that from and after the delivery of the Monitor's Certificate all Claims and Encumbrances shall attach to the net proceeds from the sale of the Purchased Assets with the same priority as they had with respect to the Purchased Assets immediately prior to the sale, as if the Purchased Assets had not been sold and remained in the possession or control of the person having that possession or control immediately prior to the sale.

4. **THIS COURT ORDERS AND DIRECTS** the Monitor to file with the Court a copy of the Monitor's Certificate, forthwith after delivery thereof.

5. **THIS COURT ORDERS** that the Monitor may rely on written notice from the Vendors and the Purchaser regarding fulfillment of conditions to closing under the Sale Agreement and shall incur no liability with respect to the delivery of the Monitor's Certificate.

6. **THIS COURT ORDERS** that, pursuant to clause 7(3)(c) of the *Canada Personal Information Protection and Electronic Documents Act*, the Vendors and the Monitor are authorized and permitted to disclose and transfer to the Purchaser all human resources and payroll information in the Vendor's records pertaining to the Vendors' past and current employees. The Purchaser shall maintain and protect the privacy of such information and shall be entitled to use the personal information provided to it in a manner which is in all material respects identical to the prior use of such information by the Vendors.

7. **THIS COURT ORDERS** that, notwithstanding:

- (a) the pendency of these proceedings;
- (b) any applications for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* (Canada) (the "BIA") in respect of any Vendor and any bankruptcy order issued pursuant to any such applications or otherwise; and

- (c) any assignment in bankruptcy made in respect of any Vendor;

the vesting of the Purchased Assets in the Purchaser pursuant to this Order shall be binding on any trustee in bankruptcy that may be appointed in respect of any Vendor and shall not be void or voidable by creditors of the Vendors, nor shall it constitute nor be deemed to be a fraudulent preference, assignment, fraudulent conveyance, transfer at undervalue, or other reviewable transaction under the BIA or any other applicable federal or provincial legislation, nor shall it constitute oppressive or unfairly prejudicial conduct pursuant to any applicable federal or provincial legislation.

8. **THIS COURT ORDERS** that for a period of not less than two years from the Closing Date, the Purchaser shall provide the Monitor and any trustee in bankruptcy of any Vendor with access to the books and records of the Vendor in the possession of the Purchaser during normal business hours upon request, and shall not thereafter alter or destroy such books and records without providing the Monitor or and any trustee in bankruptcy of any Vendor with 30 days prior written notice.

9. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States to give effect to this Order and to assist the Vendors and the Monitor and their agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Vendors and the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order or to assist the Vendors and the Monitor and their agents in carrying out the terms of this Order.

Schedule A - Form of Monitor's Certificate

Court File No. _____

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*, 1985, c. C-36, AS
AMENDED

**AND IN THE MATTER OF JAMES E. WAGNER CULTIVATION CORPORATION, JAMES
E. WAGNER CULTIVATION LTD., JWC 1 LTD., JWC 2 LTD., JWC SUPPLY LTD. AND
GROWTHSTORM INC.**

MONITOR'S CERTIFICATE

RECITALS

- A. James E. Wagner Cultivation Corporation, James E. Wagner Cultivation Ltd., JWC 1 Ltd., JWC 2 Ltd., JWC Supply Ltd. and GrowthStorm Inc. (collectively, the "**Vendors**") commenced these proceedings under the *Companies' Creditors Arrangement Act* on ■, 2020 (the "**CCAA Proceedings**");
- B. KSV Kofman Inc. was appointed as Monitor (the "**Monitor**") in the CCAA Proceedings;
- C. Pursuant to an Order of the Court dated ■ (the "**Approval and Vesting Order**"), the Court approved the agreement of purchase and sale made as of ■ (the "**Sale Agreement**") between the Vendors and Trichome Financial Corp. (the "**Purchaser**") and provided for the vesting in the Purchaser of the Vendors' right, title and interest in and to the Purchased Assets, which vesting is to be effective with respect to the Purchased Assets upon the delivery by the Monitor to the Purchaser of a certificate confirming: (i) the payment by the Purchaser of the Purchase Price for the Purchased Assets; (ii) that the conditions to Closing as set out in Article 7 of the Sale Agreement have been satisfied or waived by the Vendors and the Purchaser (as applicable); and (iii) the Transaction has been completed to the satisfaction of the Monitor.

D. Pursuant to the Approval and Vesting Order, the Monitor may rely on written notice from the Vendors and the Purchaser regarding fulfillment of conditions to closing under the Sale Agreement.

E. Unless otherwise indicated herein, terms with initial capitals have the meanings set out in the Sale Agreement.

THE MONITOR CERTIFIES the following:

1. The Vendors and the Purchaser have each delivered written notice to the Monitor that all applicable conditions under the Sale Agreement have been satisfied and/or waived, as applicable;
2. The Monitor has received the Closing Cash Payment; and
3. The Transaction has been completed to the satisfaction of the Monitor.
4. This Certificate was delivered by the Monitor at _____ [TIME] on _____ [DATE].

**KSV Kofman Inc., in its capacity as
Monitor of James E. Wagner Cultivation
Corporation, James E. Wagner Cultivation
Ltd., JWC 1 Ltd., JWC 2 Ltd., JWC Supply
Ltd. and GrowthStorm Inc. , and not in its
personal capacity**

Per: _____

Name:

Title:

Schedule F- Purchase Price Allocation

To be determined

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF JAMES E. WAGNER CORPORATION,
JAMES E. WAGNER CULTIVATION LTD., JWC 1 LTD., JWC 2 LTD., JWC SUPPLY LTD AND GROWTHSTORM INC.**

Court File No.

**ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)**

Proceedings commenced in Toronto

AFFIDAVIT OF AIDEN NELMS

BENNETT JONES LLP
One First Canadian Place
Suite 3400, P.O. Box 130
Toronto, Ontario
M5X 1A4

Sean Zweig (LSO# 57307I)
Mike Shakra (LSO# 64604K)
Aiden Nelms (LSO# 74170S)

Tel: 416-863-1200
Fax: 416-863-1716

Lawyers for the Applicants