

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**")

**APPLICATION RECORD**

**(Volume 1 of 3)**

April 1, 2020

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# TAB 1

**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

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

**NOTICE OF APPLICATION**

**TO THE RESPONDENT**

**A LEGAL PROCEEDING HAS BEEN COMMENCED** by the Applicants. The claim made by the Applicants appears on the following page.

**THIS APPLICATION** will come on for a hearing before a Judge presiding over the Commercial List on April 1, 2020 at the Court House, 330 University Avenue, in Toronto, Ontario.

**IF YOU WISH TO OPPOSE THIS APPLICATION**, to receive notice of any step in the application or to be served with any documents in the application, you or an Ontario lawyer acting for you must forthwith prepare a notice of appearance in Form 38A prescribed by the Rules of Civil Procedure, serve it on the Applicants' lawyer or, where the Applicants do not have a lawyer, serve it on the Applicants, and file it, with proof of service, in this court office, and you or your lawyer must appear at the hearing.

**IF YOU WISH TO PRESENT AFFIDAVIT OR OTHER DOCUMENTARY EVIDENCE TO THE COURT OR TO EXAMINE OR CROSS-EXAMINE WITNESSES ON THE APPLICATION**, you or your lawyer must, in addition to serving your notice of appearance, serve a copy of the evidence on the Applicants' lawyer or, where the Applicants do not have a lawyer, serve it on the Applicants, and file it, with proof of service, in the court office where the application is to be heard as soon as possible, but not later than 2 p.m. on the day before the hearing.

**IF YOU FAIL TO APPEAR AT THE HEARING, JUDGMENT MAY BE GIVEN IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO OPPOSE THIS APPLICATION BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.**

Date: April 1, 2020

Issued by:

\_\_\_\_\_  
Local Registrar

Address of court office: 330 University Avenue, 10th Floor  
Toronto, ON M5G 1R7

TO: **SERVICE LIST**

## APPLICATION

1. The Applicants make this application for an Order substantially in the form attached as Schedule "A" hereto (the "**Initial Order**"), *inter alia*:

- (a) abridging the time for service of this notice of application and dispensing with service on any person other than those served;
- (b) declaring that the Applicants are parties to which the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "**CCAA**") applies;
- (c) appointing KSV Kofman Inc. ("**KSV**" or the "**Proposed Monitor**", and if appointed, the "**Monitor**") as an officer of this Court to monitor the assets, business and financial affairs of the Applicants;
- (d) approving a debtor-in-possession facility in the maximum amount of \$4,000,000.00 (the "**DIP Loan**");
- (e) staying all proceedings taken or that might be taken in respect of the Applicants, their directors and officers, or the Monitor until April 10, 2020, subject to further Order of the Court (the "**Stay of Proceedings**"); and
- (f) granting the following charges over the Applicants' property (collectively, the "**Priority Charges**"):
  - (i) an Administration Charge (as defined in the Initial Order) to a maximum amount of \$500,000.00;
  - (ii) a Directors' Charge (as defined in the Initial Order) to a maximum amount of \$450,000.00; and
  - (iii) a DIP Lender's Charge (as defined in the Initial Order) to a maximum amount of \$800,000.00;

2. Prior to the expiry of the Stay of Proceedings, the Applicants intend to schedule a comeback hearing (the "**Comeback Hearing**") to seek an amended and restated Initial Order (the "**Amended**

**and Restated Initial Order"**). Among other things, the Amended and Restated Initial Order will seek the following additional relief:

- (a) an extension of the Stay of Proceedings;
- (b) the appointment of a chief restructuring officer;
- (c) approval of the SISP (as defined below);
- (d) approval of the Stalking Horse APA (as defined below);
- (e) an increase to the amount of the Directors' Charge; and
- (f) such further and other relief as this Honourable Court deems just.

3. The grounds for the application are:

**GENERAL**

- (a) the Applicants are insolvent and are companies to which the CCAA applies;
- (b) the current and contingent claims against the Applicants exceed CAD\$5 million;
- (c) the Applicants are a vertically integrated premium cannabis brand focused on the production of clean and consistent cannabis using their proprietary aeroponic platform;
- (d) the Applicant, James E. Wagner Cultivation Corporation ("**JWC**") is a publicly-traded company governed by the Ontario *Business Corporations Act*, R.S.O. 1990, c. B.16, and is headquartered in Kitchener, Ontario;
- (e) JWC has been cash flow negative since its inception and has relied on equity and debt financing for funding. To try to achieve profitability, JWC has expended significant resources to expand its cannabis production and processing capacity and now requires additional funding;



- (f) JWC is the ultimate parent company of the Applicants. JWC's principal operating subsidiary is James E. Wagner Cultivation Ltd. ("**JWC Ltd.**") which holds licenses issued by Health Canada authorizing JWC Ltd. to cultivate and sell cannabis and plant seeds for certain regulated uses. JWC Ltd. employs approximately 160 people;
- (g) as a result of severe liquidity issues, the Applicants are generally unable to meet their obligations as they come due and have determined that it is in their best interest and the best interests of their stakeholders to commence CCAA proceedings to ultimately effect a going concern sale of their business;
- (h) the boards of directors of the Applicants resolved to commence these CCAA proceedings (the "**CCAA Proceedings**");
- (i) the Applicants are seeking the Initial Order at this time in order to be able to continue business operations in the ordinary course, and to stabilize and protect their business with a view to ensuring that it emerges from the CCAA Proceedings as a going concern;
- (j) in connection with the commencement of the CCAA Proceedings, the Applicants have entered into an asset purchase agreement with Trichome Financial Corp. ("**Trichome**" or the "**DIP Lender**") for the sale of substantially all of the Applicants' assets (the "**Stalking Horse APA**"). At the Comeback Hearing, the Applicants will be seeking approval to solicit higher and better bids pursuant to bidding procedures and a court-approved sales process (the "**SISP**"). No relief is being sought in connection with the Stalking Horse APA or the SISP in the Initial Order;
- (k) KSV has consented to act as the Monitor in the CCAA Proceedings;

#### **IMMEDIATE NEED FOR A STAY OF PROCEEDINGS**

- (l) the Applicants require the Stay of Proceedings to prevent enforcement action by Trichome and other creditors and to respond to an imminent liquidity crisis. The

Stay of Proceedings will provide necessary breathing room to the Applicants who have exhausted their cash on hand and require urgent funding in order to continue operating in the ordinary course of business;

- (m) the Stay of Proceedings will also provide the Applicants with the stability required to develop and implement the SISP with minimal disruption to ongoing business operations. This will allow the Applicants to preserve and maximize the value of their business for the benefit of their stakeholders;
- (n) it is necessary and in the best interest of the Applicants and their stakeholders that the Applicants be afforded the breathing space provided by the CCAA as they attempt to restructure their business while continuing operations in the ordinary course;

#### **URGENT NEED FOR THE DIP LOAN**

- (o) the Applicants require the DIP Loan to, among other things, satisfy their immediate payroll obligations, fund the cost of their day-to-day operations, and implement a restructuring strategy pursuant to the SISP;
- (p) absent the DIP Loan, the Applicants will be forced to cease their going concern operations and will not meet their payroll obligations;
- (q) Trichome has agreed to provide the DIP Loan in the maximum principal amount of \$4,000,000.00;
- (r) the proposed DIP Loan is conditional upon the provision of an order of this Court approving the DIP Loan and granting the DIP Lender's Charge up to a maximum amount of \$800,000.00 over all of the Applicants' assets, including all of the Applicants' real property;
- (s) the amount to be funded prior to the Comeback Hearing under the DIP Loan is only that portion that is necessary for the Applicants' continued operations in the ordinary course of business during the Stay of Proceedings;

## **PRIORITY CHARGES**

- (t) the Applicants are seeking the Priority Charges as part of the relief granted by the Initial Order in the following priority:

First – Administration Charge (up the maximum amount of \$500,000.00);

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

Third – DIP Lender's Charge (up to the maximum amount of \$800,000.00);

- (u) the relief sought in the Initial Order in respect of the Priority Charges is limited to what is reasonably necessary for the Applicants' continued operations in the ordinary course of business during the Stay of Proceedings;

## **OTHER GROUNDS**

- (v) the provisions of the CCAA and the inherent and equitable jurisdiction of this Honourable Court;
- (w) Rules 1.04, 2.03, 3.02, 14.05(2) and 16 of the *Ontario Rules of Civil Procedure*, R.R.O 1990, Reg. 194, as amended and section 106 of the *Ontario Courts of Justice Act*, R.S.O. 1990, c. C.43 as amended; and
- (x) such further and other grounds as counsel may advise and this Honourable Court may permit;

4. The following documentary evidence will be used at the hearing of the application for the Initial Order:

- (a) the Affidavit of Nathan Woodworth, sworn on March 31, 2020, and the exhibits attached thereto;
- (b) the Affidavit of Aiden Nelms, sworn on March 31, 2020, and the exhibits attached thereto;
- (c) the consent of the Proposed Monitor;

- (d) the Pre-Filing Report of the Proposed Monitor dated March 31, 2020; and
- (e) such further and other evidence as counsel may advise and this Court may permit;

5. In addition, it is contemplated that the following documentary evidence will be used at the hearing for the Amended and Restated Initial Order:

- (a) the First Report of the Proposed Monitor to be filed;
- (b) an additional Affidavit to be sworn on behalf of the Applicants in support of the additional relief to be sought; and
- (c) such further and other evidence as counsel may advise and this Court may permit.

April 1, 2020

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# TAB A

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE MR. ) WEDNESDAY, THE 1<sup>ST</sup>  
 )  
JUSTICE HAINEY ) DAY OF APRIL, 2020  
 )

IN THE MATTER OF THE *COMPANIES' CREDITORS  
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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.

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**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  
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Lawyers for the Applicants



# TAB 2

**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 NATHAN WOODWORTH**

I, Nathan Woodworth, of the city of Kitchener, 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 the President and Chief Executive Officer of the Applicants and have served in this role since 2018. In my current role I have oversight of the Applicants' day-to-day operations. As such, I have personal knowledge of the matters deposed to herein. Where I have relied on other sources for information, I have so stated and I believe them to be true. In preparing this affidavit,

I have also consulted with the Applicants' senior management team and the Applicants' legal advisors.

3. All references to monetary amounts in this affidavit are in Canadian dollars unless noted otherwise.

#### **A. INTRODUCTION AND BACKGROUND**

4. The Applicants are a vertically integrated premium cannabis company and brand, which began as a collective of patients and growers under the *Medical Marijuana Access Regulations* ("*MMAR*"), focused on producing clean and consistent cannabis using their advanced and proprietary aeroponic platform.

5. The corporation that is now JWC was incorporated under the *Ontario Business Corporation Act*, R.S.O. 1990, c. B. 16 (the "*OBCA*"), in March 2017, as AIM1 Ventures Inc. ("*AIM1*") and was classified as a capital pool company. In September 2017, AIM1 completed its initial public offering and became a reporting issuer in the provinces of Ontario, British Columbia and Alberta and its shares were admitted for trading on the TSX Venture Exchange ("*TSXV*").

6. On June 7, 2018, AIM1 changed its name to the James E. Wagner Cultivation Corporation. The common shares of JWC began trading on the TSXV on June 11, 2018, under the trading symbol "JWCA". The common shares of JWC are also listed on the OTC Market Group ("*OTCQX*") under the symbol "JWCAF". JWC is a reporting issuer in the provinces of Ontario, Alberta and British Columbia.

7. JWC Ltd. employs approximately 160 people who work at (i) the office located at 860 Trillium Drive, Kitchener, Ontario (the "**860 Office**"), (ii) the 15,000 sq. ft. facility located at 855

Trillium Drive, Unit B, Kitchener, Ontario (the "**Trillium Facility**"), and/or (iii) the 345,000 sq. ft. facility located at 530 Manitou Drive, Kitchener, Ontario (the "**Manitou Facility**"). JWC Ltd. entered into separate lease agreements for the Trillium Facility and the Manitou Facility on December 13, 2013, and February 1, 2018, respectively. Approximately 100,000 sq. ft. of the Manitou Facility is currently being used as a growing facility utilizing the Applicants proprietary aeroponic platform. The Manitou Facility also serves as the head office for the Applicants.

8. JWC has been cash flow negative since its inception and has relied on equity and debt financing for funding. As part of a strategy to achieve profitability, the Applicants are in the process of expanding, with the aim of increasing their cannabis production and processing capacity and lowering their cost of goods sold. However, in connection with this expansion, the Applicants have expended significant resources to date and require additional funding.

9. The Applicants currently have very limited cash on hand and are generally unable to meet their obligations as they become due, the most pressing of which is their upcoming payroll on April 1, 2020.

10. To address their liquidity crisis, the Applicants entered into discussions with their first lien lender, Trichome (as defined below), to implement a consensual restructuring under the CCAA that would see the Applicants' business emerge as a going concern with a deleveraged balance sheet. Subject to certain conditions, Trichome has agreed to provide additional financing through a debtor-in-possession loan facility (the "**DIP Loan**") and act as the stalking-horse bidder under a stalking-horse asset purchase agreement (the "**Stalking Horse APA**") in a court-approved sale process (the "**SISP**"). However, it should be noted that no relief is being sought at this time with

respect to the Stalking Horse APA or the SISP. Relief in respect of those matters is intended to be sought at the Comeback Hearing (as defined below).

11. The proposed process will be for the benefit of all stakeholders including the Employees (as defined below), the Applicants' customers, suppliers and contracting parties and Health Canada.

12. Given their current financial circumstances, including the fact that Trichome has made demand on the Applicants and the pending payroll due on April 1, 2020, the Applicants require an urgent stay of proceedings (the "**Stay of Proceedings**") and related relief under the CCAA in order to continue operating in the ordinary course of business.

13. If the Initial Order is granted, the Applicants intend to return to Court (the "**Comeback Hearing**") within ten (10) days to seek this Court's approval of an amended and restated Initial Order (the "**Amended and Restated Initial Order**"), which, among other things, would:

- (a) Increase the amount of the Directors' Charge (as defined and described below);
- (b) approve the SISP;
- (c) approve the Stalking Horse APA for purposes of acting as the stalking horse bidder;
- (d) appoint Howard Steinberg as chief restructuring officer as required under the DIP Term Sheet; and
- (e) extend the Stay of Proceedings.

## **B. CORPORATE STRUCTURE**

14. JWC is incorporated under the *OBCA* with its registered head office located in Kitchener, Ontario. JWC is the ultimate parent company of the Applicants and is listed on the TSXV and the OTCQX. The other Applicants are direct, wholly-owned subsidiaries of JWC. A chart showing the organizational structure of the Applicants is attached hereto as Exhibit "A".

15. JWC has two wholly-owned subsidiaries, JWC Ltd. and GrowthStorm.

16. JWC Ltd. is the operating company and holds the licences issued by Health Canada that are required to grow, process and sell cannabis in Canada for the medical and recreational/adult-use markets. JWC Ltd. was incorporated under the *OBCA* on October 1, 2013 and has three wholly-owned subsidiaries: JWC1; JWC2; and JWCS, all of which were incorporated under the *OBCA* on November 29, 2017. As of the date of this Affidavit, none of these subsidiaries have, or have ever had, active business operations.

17. GrowthStorm was incorporated under the *OBCA* on November 29, 2017. As of the date of this Affidavit, GrowthStorm has no, and never has had any, active business operations.

18. JWC1, JWC2, JWCS and GrowthStorm are being included in these CCAA proceedings, despite their inactive status, given that they have guaranteed certain obligations of JWC, including the Trichome first lien debt upon which demand has been made.

## **C. THE BUSINESS OF THE APPLICANTS**

### **(a) Cannabis Industry in Canada**

19. The cannabis industry has, and continues to, rapidly evolve in Canada. Licences to produce, cultivate, and/or handle cannabis are currently regulated under the *Cannabis Act*, S.C. 2018, c. 16

(the "*Cannabis Act*"), and the *Cannabis Regulations*. In 2012, the Canadian Government announced that the *MMAR* program would be replaced with the *Marijuana for Medical Purposes Regulations* ("*MMPR*"). Under the *MMPR*, rather than licensing thousands of home growers, Health Canada licensed larger scale producers, creating and regulating a medical cannabis industry. Patients would submit their prescription to a licensed producer, select the medicine of their choice, and receive it through the mail.

20. In late 2016, the Canadian Government announced that the *MMPR* would be replaced with the *Access to Cannabis for Medical Purposes Regulations* (the "*ACMPR*"). The *ACMPR* was enacted as legislation to facilitate the development of an industry of commercial entities engaged in high volume production of medical cannabis, while also allowing individual home grow licences.

21. On October 17, 2018, the non-medical use of cannabis was legalized in Canada. On that date, the *Cannabis Act*, which regulates retail cannabis for recreational/adult-use, medical cannabis and industrial hemp in Canada, came into effect. Additionally, cannabis was removed as a controlled substance from the *Controlled Drugs and Substances Act*, S.C. 1996, c. 19, and the *ACMPR* was repealed.

22. The cannabis industry continues to be a highly regulated industry, with the *Cannabis Act* regulating the possession, cultivation, production, distribution, sale, research, testing, import and export and promotion of cannabis.

(b) **Business**

23. The Applicants' business, which is headquartered in Kitchener, Ontario, is a vertically integrated premium cannabis brand with a focus of producing clean and consistent cannabis using

their advanced and proprietary aeroponic platform. The Applicants' proprietary aeroponic platform was a process originally researched for the purpose of growing food in space and is a method in which plants are grown in a controlled air environment without the use of soil. These environments lead to targeted nutrient administration, which drives optimal growth and enhanced concentration of cannabinoid content.

24. JWC Ltd., JWC's operating arm, received its licence from Health Canada to produce medical cannabis in 2017 and, at its inception, began as a collective of patients and growers under the *MMAR*. JWC Ltd.'s license was subsequently amended to include the processing and sale of medical cannabis and JWC Ltd. currently cultivates and processes cannabis for the medical and recreational/adult-use markets and sells medical cannabis directly to consumers with medical documents in Canada.

25. The Trillium Facility is the Applicants' main processing facility, with cultivation, extraction and distribution capabilities. The Applicants are utilizing approximately 100,000 sq. ft. of the Manitou Facility as their primary growing facility.

26. JWC Ltd. is currently a party to agreements with various provincial agencies and wholesale partners in Canada for the supply of cannabis product, including (i) an agreement with the Ontario Cannabis Store, and (ii) the Province of Prince Edward Island.

(c) **Cannabis Licences**

27. JWC Ltd. currently holds 2 licences issued by Health Canada (collectively, the "**Cannabis Licences**" and each a "**Cannabis Licence**"). The first Cannabis Licence was granted on January 10, 2017, and, as amended, permits JWC Ltd. to cultivate, process and sell cannabis for the medical and recreational/adult-use markets and to sell all of the authorized classes of cannabis to



provincially/territorially authorized distributors/retailers and directly to consumers with medical documents, which includes cannabis plant seeds, cannabis plants, dried cannabis, fresh cannabis, edible cannabis, cannabis topicals, cannabis extracts and cannabis oil. The second Cannabis Licence was granted on March 29, 2019, and permits JWC Ltd. to cultivate cannabis and sell plant seeds and cannabis plants to provincially/territorially authorized distributors/retailers.

28. As the holder of the Cannabis Licences, JWC Ltd. is subject to a comprehensive and rigorous regulatory regime as set out in the *Cannabis Act* and the regulations thereunder. This regime requires ongoing compliance with a variety of operational requirements, including that directors, officers and certain management personnel must hold security clearances, compliance with site location requirements and ongoing reporting obligations.

(d) **Employees**

29. JWC Ltd. currently employs approximately 160 people on a full time basis (the "**Employees**"). 52 of the Employees are salaried while the remaining 108 are paid hourly. The Employees and their roles are further detailed in the chart below.

<b>Role</b>	<b>Trillium Facility</b>	<b>Manitou Facility</b>	<b>No Designation/ Head Office</b>
Production Staff	20	92	
<i>Post Harvest and Support</i>			15
<i>Office and Executive Staff</i>			36

30. There are no registered pension plans for the Employees and they are non-unionized. JWC, through its benefits provider Great West Life, offers health and dental benefits and life and accidental death and dismemberment insurance for all of its Employees.

(e) **Leased and Owned Property**

31. As previously noted, JWC Ltd. leases the Trillium Facility and the Manitou Facility.

32. The lease for the Trillium Facility was entered into on December 13, 2013 (the "**Trillium Lease**"). The term of the Trillium Lease is set to expire on July 30, 2021, at which time JWC Ltd. may exercise an option to renew the Trillium Lease for an additional five (5) years, subject to certain conditions. As of the date of this Affidavit, the monthly rent due under the Trillium Lease is \$8,073.00 and the Applicants are in arrears in the amount of approximately \$57,614.89.

33. The lease of the Manitou Facility was entered into on February 1, 2018, and the lease has a term of 15 years, expiring on January 31, 2033 (the "**Manitou Lease**"). The Manitou Lease has a phase rent schedule as follows (exclusive of HST and CAM charges):

<b>Year of Lease</b>	<b>Rent per Month</b>
1st Year	\$ 98,008.00
2nd Year	\$ 115,253.00
3rd Year	\$ 132,498.00
4th Year	\$ 135,372.00
5th Year	\$ 169,861.00
6th Year - 10th Year	\$ 175,610.00
11th Year - 15th Year	\$ 201,477.00

34. As of the date of this Affidavit, the Applicants are currently in arrears, in respect of the Manitou Lease, in the amount of approximately \$359,281.64 (inclusive of HST and CAM charges).

35. Additionally, JWC Ltd. leases the 860 Office where it conducts some of its day-to-day operations (the "**860 Office Lease**"). The term of the 860 Office Lease expires on May 31, 2020.

As of the date of this Affidavit monthly rent (inclusive of HST) is \$7,345. The Applicants only owe April rent and are otherwise current with respect to the 860 Office Lease.

36. The Applicants do not own any real property.

(f) **Suppliers**

37. JWC Ltd. relies on a number of vendors and third-party service providers to operate its business. For instance, security providers, lab services, seed to sell software and utility providers are all essential to JWC Ltd.'s operations. As is further detailed later in this Affidavit, the Applicants are not current with respect to certain of their obligations under a number of their agreements with these vendors and third-party service providers.

(g) **Excise Tax**

38. A federal excise duty is payable by a licensed cannabis producer under Canadian tax law when the cannabis products they package are delivered to a purchaser, as such, JWC Ltd. pays federal excise tax on a monthly basis in respect of the amount of cannabis product delivered in the prior month.

39. In addition, cannabis producers are required to post security pursuant to the *Excise Act, 2001*, S.C. 2002, c. 22. The security provides the Canada Revenue Agency ("**CRA**") with financial assurance for any outstanding excise taxes payable. The security can be posted in the form of a surety bond or a deposit with the CRA.

40. The security required to be posted with the CRA is calculated as the highest amount of cannabis duties payable for a calendar month in the previous 12 calendar months. As of the date

of this Affidavit, JWC Ltd. has provided a surety bond through Cowan Insurance Brokers in the amount of \$515,666.67.

**(h) Cash Management**

41. JWC has one (1) bank account with the Royal Bank of Canada ("**RBC**"). In addition to holding a bank account with RBC, the Applicants use RBC Express for automated clearing house, wire transfers and certain bill payments. JWC currently uses SAP Concur for invoice management and payment

42. The Applicants have provided Corporate American Express credit cards to 4 of the Employees (the "**Credit Cards**") for business expenses incurred on behalf of the Applicants including paying third party vendors when possible. The maximum combined credit limit of the Credit Cards is \$85,000. As of the date of this Affidavit, approximately \$54,577.22 was accrued and unpaid under the Credit Cards.

**D. FINANCIAL POSITION OF THE APPLICANTS**

43. As of the date of the swearing of this Affidavit, the Applicants have in the aggregate approximately \$44,000 cash on hand.

44. In addition, a copy of the JWC's unaudited, combined balance sheet as at March 1, 2020 is attached hereto as Exhibit "B". Certain information contained in this unaudited balance sheet is summarized below.

(a) **Assets**

45. As March 1, 2020<sup>1</sup>, the assets of the Applicants had an unaudited book value of approximately \$40,971,991 and consist of the following:

<b>Current Assets: \$12,259,187</b>	
Cash and cash equivalents	\$466,276
Accounts Receivable	\$137,140
Inventory	\$6,778,518
Biological assets	\$3,637,831
Other Receivables	\$218,969
Prepaid Expenses and Deposits	\$1,020,453
<b>Non-Current Assets: \$28,693,007</b>	
Property, plant and equipment	\$19,307,730
Intangible Assets	\$103,708
Right of use assets	\$9,301,366
<b>Total Assets</b>	<b>\$40,971,991</b>

(b) **Liabilities**

46. As at March 1, 2020, the liabilities of the Applicants had an unaudited book value of approximately \$24,538,355 (as reflected below):

<b>Current Liabilities: \$4,942,089</b>	
Accounts payable and accrued liabilities	\$1,265,859
Current portion of long-term debt	\$3,676,230
<b>Non-Current Liabilities: \$19,596,266</b>	
Trichome liability	\$6,007,095
Lind liability	\$1,354,753
Royalty liability	\$2,500,430
Lease liabilities	\$11,483,824

<sup>1</sup> Values for Inventory, Biological Assets and Property, plant and equipment are only current as of December 31, 2019 due to time constraints.

<b>Shareholders' Equity: \$14,683,799</b>	
Share capital	\$39,762,436
Contributed surplus	\$2,987,636
Retained earning (deficit)	- \$28,066,273
<b>Total Liabilities and Equity</b>	<b>\$40,971,991</b>

(c) **Secured Debt**

47. Attached as Exhibit "C" are search results from searches conducted against each of the Applicants under the *Personal Property Security Act* (Ontario) (the "**PPSA**") effective March 23, 2020. Only two parties have registered financing statements against the Applicants, as further detailed below.

(i) **Trichome Financial Inc.**

48. On or about February 19, 2019, JWC entered into a loan agreement pursuant to which it borrowed \$3,500,000 by way of a single cash advance (the "**Initial Trichome Loan Agreement**") from Trichome Financial Corp. ("**Trichome**"). The proceeds from the Initial Trichome Loan Agreement were to be used to finance approximately \$1,400,000 of HVAC equipment and \$900,000 for the payment of invoices related to the construction of the Manitou Facility with the remainder going towards working capital. The Initial Trichome Loan Agreement included an interest rate of 9.25% payable monthly with no requirement to repay any principal until the maturity date of February 19, 2021. The Initial Trichome Loan Agreement also contemplated that JWC would issue bonus warrants (each an "**Initial Loan Bonus Warrant**") to Trichome to purchase 291,667 common shares of JWC. Each Initial Loan Bonus Warrant is exercisable for one common share of JWC at a strike price of \$0.80 per share. The effective interest rate of the Initial Trichome Loan Agreement is 14.71%. A copy of the Initial Trichome Loan Agreement is attached hereto as Exhibit "D".

49. The obligations of JWC under the Initial Trichome Loan Agreement are guaranteed by unlimited guarantees (the "**Trichome Guarantee**") of the other Applicants (collectively, the "**Trichome Guarantors**"). The Trichome Guarantee can be found at section 12 of the Initial Trichome Loan Agreement.

50. As general and continued security for the obligations under the Initial Trichome Loan Agreement, various first-lien security was granted to Trichome by JWC and the Trichome Guarantors. The security granted to Trichome includes, among other things:

- (a) a general security agreement made as of February 19, 2019 (the "**Trichome GSA**") granting Trichome a security interest in all of the property, assets and undertakings of JWC and each of the Trichome Guarantors;
- (b) assignments of property, each of which was made by JWC and the Trichome Guarantors in favour of Trichome, granting to Trichome a security interest in the following property: (i) all policies of insurance under an assignment of insurance dated February 19, 2019; (ii) all material contracts under an assignment of material contracts dated February 19, 2019, and Amended and Restated on November 6, 2019 (collectively, the "**Assignments**");
- (c) two share and note pledge agreements dated February 19, 2019, among (i) JWC and Trichome, and (ii) JWC Ltd. and Trichome, in each case, granting Trichome, among other things, a security interest in all of the shares in the capital stock, securities accounts, financial assets, security entitlements, and pledged notes (together, the "**Share and Note Pledge Agreements**");

- (d) two landlord consents and agreements, each between JWC Ltd. and its landlord dated February 19, 2019, whereby the landlords consented and acknowledged JWC Ltd.'s granting to Trichome certain security interests in its leases, including a collateral assignment of JWC Ltd.'s interest in the applicable lease with its landlords (together, the "**Landlord Consent and Agreements**" and collectively with the Trichome GSA, the Assignments and the Share and Note Pledge Agreements, the "**Initial Trichome Loan Security Package**").

A copy of the Initial Trichome Loan Security Package is attached hereto as Exhibit "E".

51. On or about November 6, 2019, JWC entered into an amended and restated loan agreement with Trichome (the "**Amended Trichome Loan Agreement**") which provided financing of up to an incremental \$4,000,000 to be advanced in two tranches. The Amended Trichome Loan Agreement increased Trichome's total commitment to \$7,500,000, all of which is outstanding as at the date of this Affidavit (exclusive of costs, charges, fees or expenses) (the "**Trichome Indebtedness**"). The first tranche, in the amount of \$2,850,000 (the "**First Tranche**"), was advanced on November 6, 2019. The second tranche, of \$1,150,000 (the "**Second Tranche**"), was to be advanced conditional on the achievement of certain milestones by JWC. The Amended Trichome Loan Agreement included an interest rate of 9.25% payable monthly with no requirement to repay until its maturity on November 6, 2021. Upon the closing of the First Tranche, Trichome received a total of 984,208 common shares of JWC and 1,696,385 common share purchase warrants with each warrant having a term of two (2) years. A copy of the Amended Trichome Loan Agreement is attached hereto as Exhibit "F".



52. On or about January 9, 2020, Trichome and JWC entered into an amendment to the Amended Trichome Loan Agreement which, among other things, added a cross-default to other indebtedness as an event of default (the "**First Trichome Amendment**"). A copy of the First Trichome Amendment is attached hereto as Exhibit "G".

53. The Second Tranche was advanced on February 19, 2020. Upon the closing of the Second Tranche, Trichome received a total of 1,052,500 common shares of JWC. In connection with the closing of the Second Tranche, Trichome and JWC entered into a further amendment to the Amended Trichome Loan Agreement pursuant to which JWC granted Trichome certain rights, including the right to designate an individual as a non-voting board observer and the right to nominate one individual to serve on the board of directors of JWC (the "**Second Trichome Amendment**"). A copy of the Second Trichome Amendment is attached hereto as Exhibit "H".

54. Pursuant to the Second Trichome Amendment, on March 10, 2020, Howard Steinberg was appointed to the board of directors of JWC as nominee of Trichome.

55. On or about October 23, 2019, Trichome and JWC entered into a Factoring Agreement (the "**Factoring Agreement**") whereby certain qualified receivables could be factored. Total availability under the Factoring Agreement was initially capped at \$5.0 million and the financing of any receivables was subject to Trichome's sole discretion. As at the date of this Affidavit, no receivables are outstanding under the Factoring Agreement. A copy of the Factoring Agreement is attached hereto as Exhibit "I".

56. As security for the Factoring Agreement, JWC and each of the Trichome Guarantors granted various security interest in all of their respective current and future assets pursuant to a

general security agreement dated October 23, 2019 (the "**Factoring GSA**"). A copy of the Factoring GSA is attached hereto as Exhibit "J".

57. On or about March 31, 2020, following the occurrence certain events of default under the Amended Trichome Loan Agreement, as amended, Trichome issued notices under section 244 of the *Bankruptcy and Insolvency Act* R.S.C., 1985, c. B-3 and made demand on the Trichome Indebtedness (the "**Trichome Demands**"). Copies of the Trichome Demands are attached hereto as Exhibit "K".

(ii) **Lind Global Macro Fund LP**

58. On December 29, 2019, JWC entered into a convertible security funding agreement for up to a face amount of \$10,000,000 with Lind Global Macro Fund LP ("**Lind**") (the "**First Lind CSA**"). Only \$2,000,000 of the First Lind CSA was made available, and drawn, by JWC with any remaining amount being subject to Lind's discretion. A copy of the First Lind CSA is attached hereto as Exhibit "L".

59. The obligations of JWC under the First Lind CSA are guaranteed by JWC Ltd. and GrowthStorm (together, the "**Lind Guarantors**") (the "**First Lind CSA Guarantees**"). Copies of the First Lind CSA Guarantees are attached hereto as Exhibit "M".

60. As general and continued security for the obligations under the First Lind CSA, the security granted to Lind includes, among other things, a general security agreement made as of January 10, 2020 (the "**First Lind CSA GSA**") granting Lind a security interest in all of the property, assets and undertakings of JWC and each of the Lind Guarantors. A copy of the First Lind CSA GSA is attached hereto as Exhibit "N".

61. On January 10, 2020, Trichome and Lind entered into a subordination and postponement agreement, which provided that JWC's obligations to Lind are subordinate to its obligations to Trichome under the Trichome Loan Agreement and the Factoring Agreement (the "**Lind Subordination Agreement**"). A copy of the Lind Subordination Agreement is attached hereto as Exhibit "O".

62. On March 10, 2020, JWC entered into a second convertible security funding agreement for \$1.2 million with Lind (the "**Second Lind CSA**" and together with the First Lind CSA, the "**Lind Financing**"). A copy of the Second Lind CSA is attached hereto as Exhibit "P". The obligations of JWC under the First Lind CSA are guaranteed by the Lind Guarantors (the "**Second Lind CSA Guarantees**"). Copies of the Second Lind CSA Guarantees are attached hereto as Exhibit "Q".

63. As general and continued security for the obligations under the Second Lind CSA, the security granted to Lind includes, among other things, a general security agreement made as of March 2020 (the "**Second Lind CSA GSA**") granting Lind a security interest in all of the property, assets and undertakings of JWC and each of the Lind Guarantors. A copy of the Second Lind CSA GSA is attached hereto as Exhibit "R".

64. On March 13, 2020, the Lind Subordination Agreement was amended to confirm that the obligations under the Second Lind CSA were also subordinate to JWC's obligations to Trichome under the Trichome Loan Agreement (the "**Lind Subordination Agreement Amendment**"). The full amount under the Second Lind CSA was drawn. A copy of the Lind Subordination Agreement Amendment is attached hereto as Exhibit "S".

65. As at the date of this Affidavit, approximately \$3,900,000 is outstanding under the Lind Financing.

(d) **Unsecured Indebtedness**

(i) **Ball Construction Ltd.**

66. On February 20, 2019, JWC Ltd. entered into a Loan Agreement with Ball Construction Ltd. ("**Ball**"), an entity affiliated with Lind (the "**Ball Financing**"). Subsequent amendments to the Ball Financing occurred on March 19, 2019, July 17, 2019 and October 9, 2019 (the "**Ball Amendments**"). As at the date of this Affidavit, approximately \$3,700,000 is outstanding under the Ball Financing. Copies of the Ball Financing and Ball Amendments are attached hereto as Exhibit "T" and Exhibit "U" respectively.

67. On November 6, 2019, Trichome, Ball, JWC and JWC Ltd. entered into an amended Subordination and Postponement Agreement (the "**Ball Subordination and Postponement Agreement**"). The Ball Subordination and Postponement Agreement provides that Ball is a subordinate lender, and that any payment of all subordinate debt is unconditionally and irrevocably deferred, postponed and subordinated in all respects to the prior indefeasible payment in full of the obligations to Trichome under the amended Trichome Loan Agreement and the Factoring Agreement. A copy of the Ball Subordination and Postponement Agreement is attached hereto as Exhibit "V".

(ii) **Canopy Rivers Corporation**

68. On or about August 11, 2017, JWC, Canopy Rivers Corporation ("**Canopy Rivers**") and Canopy Growth entered into an Investment Agreement (the "**Canopy Investment Agreement**") pursuant to which JWC issued Canopy Rivers 5,391,304 common shares of JWC for \$2,500,000 and 1,347,826 common share purchase warrants (the "**Canopy Warrants**"). Canopy Rivers

exercised the Canopy Warrants in August of 2019, for proceeds of \$620,000. In connection with the Canopy Investment Agreement, Canopy Rivers also acquired 3,504,347 common shares from existing shareholders for \$975,000. A copy of the Canopy Investment Agreement is attached hereto as Exhibit "W".

69. JWC issued a debenture in favour of Canopy Rivers dated August 11, 2017, in the amount of \$2,500,000 (the "**Canopy Debenture**").

70. On or about March 29, 2018, the Canopy Debenture was considered paid in full and the Royalty Agreement between JWC and Canopy Rivers, dated August 11, 2017 (the "**Royalty Agreement**"), pursuant to which JWC agreed to pay Canopy Rivers \$0.375 per gram of cannabis produced at the Trillium Facility. The Royalty Agreement does not apply to cannabis produced at the Manitou Facility. The Royalty Agreement provides for a minimum aggregate annual royal payment of \$487,500 per year until 2038. A copy of the Royalty Agreement is attached hereto as Exhibit "X".

(iii) **Employee Liabilities**

71. Gross payroll is approximately \$350,000 biweekly. The Applicants are current with respect to the payment of payroll and the remittance of employee source deductions, however, given the current liquidity issues, the payroll due on April 1, 2020, will not be made unless the Initial Order is granted and the DIP Loan is secured.

(iv) **Other Unsecured Creditors**

72. Along with the aforementioned obligations, the Applicants' additional unsecured creditors include:

- (a) **Third Party Suppliers:** Given the nature of its business, JWC Ltd. relies on a number of vendors and third party services and, as such, are party to a number of agreements for the provision of certain essential services including, among other things, insurance, phone and internet, security, utilities, professional costs, education fees, contractor costs and other miscellaneous services and products provided in connection with operating a business in the cannabis industry. As of the date of this Affidavit, the Applicants were indebted to third party suppliers in the aggregate amount of approximately CAD\$1.4 million and US\$26,281.86.
- (b) **Landlords:** As previously noted, the Applicants do not own any real property and operate exclusively from premises leased by third party landlords. The Applicants, in the ordinary course, remit rent on a monthly basis. As at April 1, 2020, the Applicants rent was collectively in arrears in the aggregate amount of approximately \$420,000.
- (c) **Litigation:** JWC Ltd., along with a number of the Applicants' officers including myself, are subject to one piece of ongoing litigation (the "**JWC Lawsuit**"). A statement of claim was issued in the JWC Lawsuit in September of 2018 with a statement of defence filed soon thereafter. Negotiations are ongoing.

## **E. ALUMINA PARTNERS**

73. On November 6, 2018, JWC entered into a draw-down equity facility of up to \$18,000,000 (the "**Draw-Down Facility**") with Alumina Partners ("**Alumina**"). Under the Draw-Down Facility, JWC, at its discretion, is able to sell Alumina units (the "**Alumina Units**"), on a private placement basis completed in tranches, with a total value of up to \$2,000,000 per tranche, over a

24-month period. Each Alumina Unit will consist of one common share and one warrant of JWC, the purchase price of which will be agreed to by JWC and Alumina at the time the tranche is drawn down. The Draw-Down Facility was put in place to provide a potential source of funding for completion of the Manitou Facility. The Applicants viewed the Draw-Down Facility as a vehicle of last resort and, as a result, never made any draws thereon. Moreover, under the Lind Financing, drawdowns on the Alumina Facility were precluded. As at the date of this Affidavit, no amounts are owing to Alumina.

#### **F. SPECIAL COMMITTEE**

74. In response to the Applicants liquidity crisis, their financial and operational difficulties and in an effort to explore opportunities to enhance the capital of the Applicants by one or more steps, JWC's board of directors passed a resolution on March 19, 2020 (the "**Special Committee Resolution**") establishing a special committee of the board (the "**Special Committee**"). The Special Committee is comprised of (i) Raymond Alarie, (ii) Peter Kampian, (iii) Philip Armstrong and (iv) Howard Steinberg. A copy of the Special Committee Resolution is attached hereto as Exhibit "Y".

#### **G. SUMMARY OF THE PROPOSED DIP LOAN**

75. The DIP Loan Term Sheet (the "**DIP Term Sheet**") provides for a super-priority, debtor-in-possession interim, non-revolving credit facility up to a maximum amount of \$4,000,000 between, among others, JWC, as borrower, and Trichome, as lender (in such capacity, the "**Lender**"). JWC Ltd., JWC1, JWC2, JWCS and GrowthStorm (for the purposes of the DIP Term Sheet and together with JWC, the "**Credit Parties**") are guarantors of the DIP Loan. The interest rate applicable to advances under the DIP Loan is 10.00% per annum payable monthly, and an

upfront fee in the amount of \$120,000 is payable by the Borrower to the Lender in connection with the establishment of the DIP Loan. However, it should be noted that the upfront fee is not payable until after the Comeback Hearing.

76. The proceeds of the DIP Loan shall be used during the pendency of the Applicants' proceedings under the CCAA for the following purposes: (i) to fund professional fees (including, *inter alia*, fees of the Monitor, fees of counsel to the Monitor and fees of counsel to the Applicants); (ii) to fund the payment of interest and other amounts payable under the DIP Loan; and (iii) to finance operating expenses and restructuring costs in these CCAA proceedings, and for general corporate purposes of the Credit Parties. Proceeds of the DIP Loan may not be used to pay any pre-filing obligations of JWC and will be used in accordance with the agreed budget with the Lender (the "**Agreed Budget**") subject to permitted variances. The DIP Loan is required to be secured by a super-priority lien over all property and assets of the Credit Parties, subordinate only to certain permitted priority liens, including, among others, the Administration Charge and the Directors' Charge.

77. The DIP Loan is subject to customary conditions precedent, covenants and representations and warranties made by the Credit Parties to the Lender. The DIP Loan shall be repayable in full on June 30, 2020 or upon the occurrence of the implementation of a plan of compromise or arrangement within these CCAA proceedings, the closing of a bankruptcy sale, the conversion of these CCAA proceedings into a proceeding under the *Bankruptcy and Insolvency Act* (Canada), or an event of default (collectively, the "**Events of Default**" and each an "**Event of Default**") under the DIP Loan. The Events of Default include, *inter alia*: (i) customary credit facility events of default; and (ii) failure to comply with certain timelines set forth in the SISP and failure to comply with an agreed upon cash flow test whereby actual financial performance of the Credit Parties is



tested against the Agreed Budget on a weekly basis. Subject to court orders made in these CCAA proceedings, upon the occurrence of an Event of Default, the Lender may (i) elect to terminate its commitment to make interim advances, (ii) declare the DIP Loan to be immediately due and payable, (iii) apply to a court for the appointment of a receiver, an interim receiver, or receiver and manager over the Credit Parties' collateral, (iv) enhance the powers of the Monitor, (v) take all necessary steps in these CCAA proceedings, or (vi) exercise the powers and rights of a secured party under the *PPSA*.

78. The amount of the DIP Loan that is proposed to be funded prior to the Comeback Hearing is only that portion of the DIP Loan that is absolutely necessary to keep the Applicants operating in the ordinary course (including for greater certainty funding payroll) until the Comeback Hearing, with no fees being earned thereon prior to the Comeback Hearing.

## **H. RELIEF SOUGHT**

### **(a) Stay of Proceedings**

79. The Applicants urgently require a broad stay of proceedings to prevent enforcement action by, and among, Trichome and certain contractual counter parties and to provide the Applicants with additional comfort and breathing space while they pursue a transaction, all the while permitting them to continue to operate as a going concern. The Applicants are concerned about their failure to meet certain obligations as they become due. It would be detrimental to the Applicants' business if proceedings were commenced or continued or rights and remedies were executed against them and without the Stay of Proceedings, the Applicants would be unable to continue operations in the ordinary course of business.

80. The Stay of Proceedings will stabilize and preserve the value of the Applicants' business and provide the Applicants with the breathing space they need to develop and oversee an orderly SISP with minimal disruptions to current business operations. This, in turn, will help to protect the interests of the Applicants' stakeholders, including employees, suppliers, landlords, customers, lenders and Health Canada. Having regard to the circumstances, and in an effort to preserve the value of the Applicants' business, the granting of the Stay of Proceedings is in the best interests of the Applicants and their stakeholders.

(b) **Proposed Monitor**

81. It is proposed that KSV Kofman Inc. ("KSV") will act as the Monitor in the CCAA proceedings if the proposed Initial Order is issued (the "**Proposed Monitor**"). The Proposed Monitor has consented to act as the Monitor on the terms set out in the proposed Initial Order. Prior to executing its consent to act as Monitor, KSV was the informal financial advisor to Trichome. A copy of the Proposed Monitor's consent to act as monitor is attached hereto as Exhibit "Z".

(c) **Administration Charge**

82. In connection with its appointment, it is proposed that the Proposed Monitor, along with its counsel and the Applicants' counsel, be granted a Court-ordered charge as security for their respective fees and disbursements (incurred at their standard rates and charges) relating to services rendered in respect of the Applicants up to a maximum of \$500,000 (the "**Administration Charge**"). The Administration Charge is proposed to have first priority over all other charges.

83. It is important to the success of these CCAA proceedings to have the Administration Charge in place to ensure the continued involvement of critical professionals. The proposed

beneficiaries are performing distinct functions and there is no duplication of roles. In addition, given the Applicants' liquidity situation, the proposed beneficiaries of the Administration Charge have expended considerable effort without the benefit of retainers.

84. The Applicants have worked with the Proposed Monitor to estimate the proposed quantum of the Administration Charge. Trichome, the first-lien lender, is supportive of the Administration Charge.

(d) **Directors' Charge**

85. As is customary in CCAA proceedings, the Applicants are seeking to stay all proceedings against the former, current and future directors and officers of the Applicants (the "**Directors and Officers**").

86. I am advised by Edmond Lamek of DLA Piper (Canada) LLP, corporate counsel to the Applicants, and believe that, in certain circumstances, directors can be held liable for certain obligations of a company owing to employees and government entities, which may include unpaid accrued wages and unpaid accrued vacation pay, together with unremitted excise, sales, goods and services, and harmonized sales taxes.

87. The Applicants maintain director's and officer's liability insurance (the "**D&O Insurance**"). The D&O Insurance covers the Applicants' directors and their present and former officers who are or were employed by the Applicants. However, I understand that the D&O Insurance has various exceptions, exclusions and carve-outs. The D&O Insurance may not provide sufficient coverage against the potential liability that the Directors and Officers could incur in connection with these CCAA proceedings.

88. Due to the aforementioned risks, the Directors and Officers have indicated that their continued service and involvement in these CCAA proceedings is conditional upon the granting of an Order under the CCAA which grants a charge in favour of the Directors and Officers in the amount of \$450,000 (the "**Directors' Charge**"). The Directors' Charge would be subordinate to the proposed Administration Charge but will be in priority to the DIP Lender's Charge (as defined below). The Directors' Charge would act as security for the indemnification obligations for potential liabilities faced by the Directors and Officers as outlined above.

89. The Directors' Charge is necessary so that the Applicants may continue to benefit from the expertise and knowledge of the Directors and Officers, which is particularly important in a highly regulated industry such as cannabis. The ongoing involvement of the Directors and Officers is particularly important in the case of the Applicants given the strict regulatory environment in which they operate.

90. The Applicants believe that the Directors' Charge is reasonable in the circumstances. I understand that the Proposed Monitor is supportive of the Directors' Charge and its quantum.

(e) **The DIP Lender's Charge**

91. The DIP Loan is conditional on the issuance of a Court order approving the DIP Loan and granting a priority charge up to a maximum of \$800,000 (the "**DIP Lender's Charge**") as set out in the draft Initial Order. The Initial Order contemplates that the DIP Lender's Charge will rank subordinate to the Administration Charge and the Directors' Charge.

92. All of the credit advanced pursuant to the DIP Loan will be secured, *inter alia*, by the DIP Lender's Charge and the existing security and guarantees issued in favour of Trichome. The DIP Lender's Charge will not secure obligations incurred prior to the CCAA proceedings.

93. The amount to be funded prior to the Comeback Hearing will be limited to the amount necessary to continue ordinary course operations prior to the Comeback Hearing, and no fees will accrue to the DIP Lender prior to the Comeback Hearing. The DIP Lender's Charge being sought in connection with the Initial Order will only be for amount to be accrued in the 10 day period preceding the Comeback Hearing. The Applicants intend to seek an increase to the DIP Lender's Charge at the Comeback Hearing.

(f) **Cash Flow Statement**

94. I understand that a projected consolidated cash flow statement for the Applicants for the 13-week period from the week ending April 3, 2020, to the week ending June 26, 2020 (the "**Cash Flow Statement**"), will be attached to the pre-filing report of the Proposed Monitor. The cash flow projections demonstrate that debtor-in-possession financing is urgently required to provide the Applicants with the required liquidity for continued business operations in the ordinary course, including to meet their upcoming payroll obligations. As such, the Applicants are seeking approval of the DIP Loan.


95. The Cash Flow Statement has been prepared with the assistance of the Proposed Monitor and is accompanied by the prescribed representations in accordance with the CCAA.

**I. CONCLUSION**

96. The Initial Order sought by the Applicants is in the best interests of the Applicants as well as the best interests of their stakeholders. The Stay of Proceedings is necessary in order to prevent enforcement actions against the Applicants, and to normalize their operations. Without the Stay of Proceedings and the DIP Loan, the Applicants face an immediate cessation of their going concern operations and their payroll obligations, the loss of their employees' jobs and the potential loss of the Cannabis Licences.

97. The Applicants are actively engaging with, and have the support of, Trichome, and, notwithstanding that relief related to the SISP and the Stalking Horse APA is not being sought until the Comeback Hearing, are entering these CCAA proceedings with a solution that will maintain their business as a going concern and maximize value for all stakeholders. I believe that a CCAA proceeding is the only viable method in the circumstances to restructure the Applicants' business and effect the transactions necessary for the benefit of all stakeholders, and that the relief sought in the Initial Order is necessary at this time to ensure the continued operations of the Applicants in the ordinary course of business.

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

  
\_\_\_\_\_  
Commissioner for Taking Affidavits  
(or as may be)

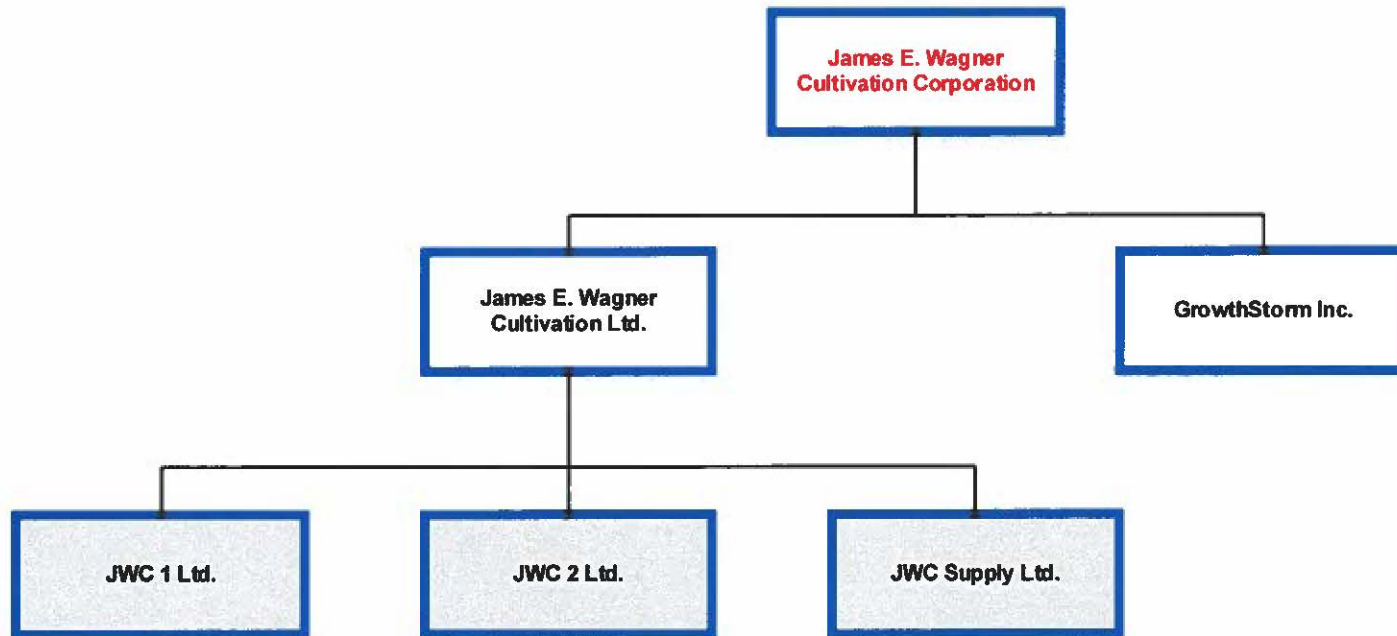
*Eric M. Krausbaum*  
LSO 22080L

  
\_\_\_\_\_  
NATHAN WOODWORTH

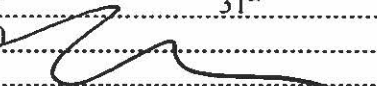
*This is Exhibit* ..... **“A”** ..... *referred to in the*  
*affidavit of* ..... Nathan Woodworth .....  
*sworn before me, this* ..... 31<sup>st</sup> .....  
*day of* ..... March, 2020 .....

.....  
**A COMMISSIONER FOR TAKING AFFIDAVITS**

## James E. Wagner Cultivation Corporation Organizational Structure





*This is Exhibit* ..... **“B”** ..... *referred to in the*  
*affidavit of* ..... Nathan Woodworth .....  
*sworn before me, this* ..... 31<sup>st</sup> .....  
*day of* ..... March, 2020 .....  


.....  
**A COMMISSIONER FOR TAKING AFFIDAVITS**

# James E Wagner Cultivation Corporation

## Balance Sheet as at March 1, 2020

- Note that Inventory and Biological Asset valuations are current as at December 31, 2019
- Amortization for property, plant and equipment is current as of December 31, 2019

### Assets

#### Current

Cash and Cash Equivalents	\$466,276
Accounts Receivable	\$137,140
Other Receivables	\$218,969
Inventory	\$6,778,518
Biological Assets	\$3,637,831
Prepaid expenses and deposits	\$1,020,453
	<u>\$12,259,187</u>

Property, plant and equipment	\$19,307,730
Intangible assets	\$103,708
Right of use assets	\$9,301,366
	<u>\$28,712,804</u>

**\$40,971,991**

### Liabilities and Shareholders' Equity

#### Current

Accounts Payable and accrued liabilities	\$1,265,859
Current portion of long-term debt	\$3,676,230
	<u>\$4,942,089</u>

Trichome liability	\$6,007,095
Lind liability	\$1,354,753
Royalty liability	\$2,500,430
Lease liabilities	\$11,483,824
	<u>\$21,346,102</u>

#### Shareholders' equity

Share capital	\$39,762,436
Contributed surplus	\$2,987,636
Retained earnings (Deficit)	-\$28,066,273
	<u>\$14,683,799</u>

**\$40,971,991**

*This is Exhibit*.....“C”.....*referred to in the*

*affidavit of*.....Nathan Woodworth.....

*sworn before me, this*.....31<sup>st</sup>.....

*day of* ..March, 2020.....

**A COMMISSIONER FOR TAKING AFFIDAVITS**

## Enquiry Result

File Currency: 23MAR 2020



Show All Pages

**Note: All pages have been returned.**

Type of Search      Business Debtor  
 Search Conducted   GROWTHSTORM INC  
 On  
 File Currency        23MAR 2020

File Number	Family	of Families	Page	of Pages	Expiry Date	Status
748423431	1	4	1	6	19FEB 2022	

**FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN**

File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period
748423431		001	1		20190219 1338 1590 0292	P PPSA	3

Individual Debtor	Date of Birth	First Given Name	Initial	Surname
Business Debtor	Business Debtor Name	GROWTHSTORM INC.		Ontario Corporation Number
	Address	530 MANITOU DRIVE	City	Province      Postal Code
			KITCHENER	ON              N2C 1L3

Individual Debtor	Date of Birth	First Given Name	Initial	Surname
Business Debtor	Business Debtor Name			Ontario Corporation Number
	Address		City	Province      Postal Code

Secured Party	Secured Party / Lien Claimant	City	Province	Postal Code
	TRICHOME FINANCIAL CORP.	TORONTO	ON	M5J 3B2
	Address			
	37 BAY STREET, SUITE 400			

Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
		X	X	X	X	X			

Motor Vehicle Description	Year	Make	Model	V.I.N.

General Collateral Description	General Collateral Description

--	--

<b>Registering Agent</b>	<b>Registering Agent</b>			
	DLA PIPER (CANADA) LLP (MOC)			
	<b>Address</b>	<b>City</b>	<b>Province</b>	<b>Postal Code</b>
	100 KING STREET WEST, SUITE 6000	TORONTO	ON	M5X 1E2

END OF FAMILY

<b>Type of Search</b>	Business Debtor						
<b>Search Conducted On</b>	GROWTHSTORM INC						
<b>File Currency</b>	23MAR 2020						
	<b>File Number</b>	<b>Family</b>	<b>of Families</b>	<b>Page</b>	<b>of Pages</b>	<b>Expiry Date</b>	<b>Status</b>
	756761499	2	4	2	6	22OCT 2029	

**FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN**

<b>File Number</b>	<b>Caution Filing</b>	<b>Page of</b>	<b>Total Pages</b>	<b>Motor Vehicle Schedule</b>	<b>Registration Number</b>	<b>Registered Under</b>	<b>Registration Period</b>
756761499		001	1		20191022 1158 1590 8087	P PPSA	10

<b>Individual Debtor</b>	<b>Date of Birth</b>	<b>First Given Name</b>	<b>Initial</b>	<b>Surname</b>

<b>Business Debtor</b>	<b>Business Debtor Name</b>			<b>Ontario Corporation Number</b>	
	GROWTHSTORM INC				
	<b>Address</b>		<b>City</b>	<b>Province</b>	<b>Postal Code</b>
	530 MANITOU DRIVE		KITCHENER	ON	N2C 1L3

<b>Individual Debtor</b>	<b>Date of Birth</b>	<b>First Given Name</b>	<b>Initial</b>	<b>Surname</b>

<b>Business Debtor</b>	<b>Business Debtor Name</b>			<b>Ontario Corporation Number</b>	
	<b>Address</b>		<b>City</b>	<b>Province</b>	<b>Postal Code</b>

<b>Secured Party</b>	<b>Secured Party / Lien Claimant</b>				
	TRICHOME FINANCIAL CORP.				
	<b>Address</b>		<b>City</b>	<b>Province</b>	<b>Postal Code</b>
	150 KING STREET WEST, SUITE 214		TORONTO	ON	M5H 1J9

<b>Collateral Classification</b>	<b>Consumer Goods</b>	<b>Inventory</b>	<b>Equipment</b>	<b>Accounts</b>	<b>Other</b>	<b>Motor Vehicle Included</b>	<b>Amount</b>	<b>Date of Maturity or</b>	<b>No Fixed Maturity Date</b>
		X	X	X	X	X			

<b>Motor Vehicle Description</b>	<b>Year</b>	<b>Make</b>	<b>Model</b>	<b>V.I.N.</b>

<b>General Collateral Description</b>	<b>General Collateral Description</b>

<b>Registering Agent</b>	<b>Registering Agent</b>			
	TORYS LLP			
	<b>Address</b>	<b>City</b>	<b>Province</b>	<b>Postal Code</b>
	79 WELLINGTON ST W, 30TH FLOOR PO BOX 27	TORONTO	ON	M5K 1N2

END OF FAMILY

<b>Type of Search</b>	Business Debtor						
	GROWTHSTORM INC						

**Search Conducted On**

File Currency 23MAR 2020

File Number	Family	of Families	Page	of Pages	Expiry Date	Status
758987298	3	4	3	6	02JAN 2025	

**FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN**

File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period
758987298		001	2		20200102 0945 1590 3899	P PPSA	5

**Individual Debtor**      **Date of Birth**                      **First Given Name**                                      **Initial**                      **Surname**

**Business Debtor**      **Business Debtor Name**    **Ontario Corporation Number**

JAMES E. WAGNER CULTIVATION CORPORATION  
**Address**    **City**                      **Province**                      **Postal Code**  
 530 MANITOU DRIVE    KITCHENER                      ON                      N2C 1L3

**Individual Debtor**      **Date of Birth**                      **First Given Name**                                      **Initial**                      **Surname**

**Business Debtor**      **Business Debtor Name**    **Ontario Corporation Number**

JAMES E. WAGNER CULTIVATION LTD.  
**Address**    **City**                      **Province**                      **Postal Code**  
 530 MANITOU DRIVE    KITCHENER                      ON                      N2C 1L3

**Secured Party**      **Secured Party / Lien Claimant**

LIND GLOBAL MACRO FUND LP  
**Address**    **City**                      **Province**                      **Postal Code**  
 C/O THE LIND PARTNERS, LLC, 444 MADISON    NEW YORK                      NY                      10022

Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
		X	X	X	X	X			

**Motor Vehicle Description**      **Year**                      **Make**    **Model**    **V.I.N.**

**General Collateral Description**      **General Collateral Description**

<b>Registering Agent</b>	<b>Registering Agent</b>			
	STIKEMAN ELLIOTT LLP			
	<b>Address</b>	<b>City</b>	<b>Province</b>	<b>Postal Code</b>
	5300 COMMERCE COURT WEST 199 BAY ST.	TORONTO	ON	M5L 1B9

CONTINUED

<b>Type of Search</b>	Business Debtor						
<b>Search Conducted On</b>	GROWTHSTORM INC						
<b>File Currency</b>	23MAR 2020						
	<b>File Number</b>	<b>Family</b>	<b>of Families</b>	<b>Page</b>	<b>of Pages</b>	<b>Expiry Date</b>	<b>Status</b>
	758987298	3	4	4	6	02JAN 2025	
<b>FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN</b>							
<b>File Number</b>	<b>Caution Filing</b>	<b>Page of</b>	<b>Total Pages</b>	<b>Motor Vehicle Schedule</b>	<b>Registration Number</b>	<b>Registered Under</b>	<b>Registration Period</b>

758987298

002 2

20200102 0945 1590  
3899

<b>Individual Debtor</b>	<b>Date of Birth</b>	<b>First Given Name</b>	<b>Initial</b>	<b>Surname</b>
--------------------------	----------------------	-------------------------	----------------	----------------

<b>Business Debtor</b>	<b>Business Debtor Name</b> GROWTH STORM INC	<b>Ontario Corporation Number</b>		
	<b>Address</b> 530 MANITOU DRIVE	<b>City</b> KITCHENER	<b>Province</b> ON	<b>Postal Code</b> N2C 1L3

<b>Individual Debtor</b>	<b>Date of Birth</b>	<b>First Given Name</b>	<b>Initial</b>	<b>Surname</b>
--------------------------	----------------------	-------------------------	----------------	----------------

<b>Business Debtor</b>	<b>Business Debtor Name</b>	<b>Ontario Corporation Number</b>		
	<b>Address</b>	<b>City</b>	<b>Province</b>	<b>Postal Code</b>

<b>Secured Party</b>	<b>Secured Party / Lien Claimant</b>			
	<b>Address</b> AVE. FL 41	<b>City</b>	<b>Province</b>	<b>Postal Code</b>

<b>Collateral Classification</b>	<b>Consumer Goods</b>	<b>Inventory</b>	<b>Equipment</b>	<b>Accounts</b>	<b>Other</b>	<b>Motor Vehicle Included</b>	<b>Amount</b>	<b>Date of Maturity or</b>	<b>No Fixed Maturity Date</b>
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<b>Motor Vehicle Description</b>	<b>Year</b>	<b>Make</b>	<b>Model</b>	<b>V.I.N.</b>
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<b>General Collateral Description</b>	<b>General Collateral Description</b>
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<b>Registering Agent</b>	<b>Registering Agent</b>			
	<b>Address</b>	<b>City</b>	<b>Province</b>	<b>Postal Code</b>

END OF FAMILY

**Type of Search** Business Debtor  
**Search Conducted On** GROWTHSTORM INC  
**File Currency** 23MAR 2020

File Number	Family	of Families	Page	of Pages	Expiry Date	Status
760896801	4	4	5	6	13MAR 2025	

**FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN**

File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period
760896801		001	2		20200313 1127 9234 0844	P PPSA	5

<b>Individual Debtor</b>	<b>Date of Birth</b>	<b>First Given Name</b>	<b>Initial</b>	<b>Surname</b>
--------------------------	----------------------	-------------------------	----------------	----------------

<b>Business Debtor</b>	<b>Business Debtor Name</b> JAMES E. WAGNER CULTIVATION CORPORATION	<b>Ontario Corporation Number</b>		
	<b>Address</b> 530 MANITOU DRIVE	<b>City</b> KITCHENER	<b>Province</b> ON	<b>Postal Code</b> N2C 1L3

**Individual Debtor**    **Date of Birth**                      **First Given Name**    **Initial**                      **Surname**  
**Business Debtor**    **Business Debtor Name**    **Ontario Corporation Number**  
                                  JAMES E. WAGNER CULTIVATION LTD.  
**Address**    **City**                      **Province**                      **Postal Code**  
                                  530 MANITOU DRIVE    KITCHENER                      ON                      N2C 1L3  
**Secured Party**        **Secured Party / Lien Claimant**  
                                  LIND GLOBAL MACRO FUND, LP  
**Address**    **City**                      **Province**                      **Postal Code**  
                                  C/O THE LIND PARTNERS, LLC    NEW YORK                      NY                      10022  
**Collateral Classification**    **Consumer Goods**    **Inventory** **Equipment** **Accounts**    **Other**    **Motor Vehicle Included**    **Amount**    **Date of Maturity or**    **No Fixed Maturity Date**  
                                     X                      X                      X                      X                      X  
**Motor Vehicle Description**    **Year**                      **Make**    **Model**    **V.I.N.**  
**General Collateral Description**    **General Collateral Description**

<b>Registering Agent</b>	<b>Registering Agent</b>			
	STIKEMAN ELLIOTT LLP			
	<b>Address</b>	<b>City</b>	<b>Province</b>	<b>Postal Code</b>
	5300 COMMERCE COURT WEST, 199 BAY STREET	TORONTO	ON	M5L 1B9

CONTINUED

**Type of Search**    Business Debtor  
**Search Conducted On**    GROWTHSTORM INC  
**File Currency**        23MAR 2020  
**File Number**    **Family**    **of Families**    **Page**                      **of Pages**                      **Expiry Date**                      **Status**  
                                  760896801    4                      4                      6                      6                      13MAR 2025  
**FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN**  
**File Number**    **Caution Filing**    **Page of**    **Total Pages**    **Motor Vehicle Schedule**    **Registration Number**    **Registered Under**    **Registration Period**  
                                  760896801    002                      2    20200313 1127 9234 0844

**Individual Debtor**    **Date of Birth**                      **First Given Name**    **Initial**                      **Surname**  
**Business Debtor**    **Business Debtor Name**    **Ontario Corporation Number**  
                                  GROWTH STORM INC.  
**Address**    **City**                      **Province**                      **Postal Code**  
                                  530 MANITOU DRIVE    KITCHENER                      ON                      N2C 1L3  
**Individual Debtor**    **Date of Birth**                      **First Given Name**    **Initial**                      **Surname**  
**Business Debtor**    **Business Debtor Name**    **Ontario Corporation Number**  

<b>Address</b>	<b>City</b>	<b>Province</b>	<b>Postal Code</b>



Secured Party      Secured Party / Lien Claimant

Address      City      Province      Postal Code  
444 MADISON AVE., FL 41

Collateral Classification      Consumer Goods      Inventory Equipment      Accounts      Other      Motor Vehicle Included      Amount      Date of Maturity or      No Fixed Maturity Date

Motor Vehicle Description      Year      Make      Model      V.I.N.

General Collateral Description      General Collateral Description

Registering Agent	Registering Agent			
	Address	City	Province	Postal Code

LAST PAGE

**Note: All pages have been returned.**

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## Enquiry Result

File Currency: 23MAR 2020



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Type of Search Business Debtor  
 Search Conducted On JAMES E WAGNER CULTIVATION CORPORATION  
 File Currency 23MAR 2020

File Number	Family	of Families	Page	of Pages	Expiry Date	Status
748423161	1	6	1	8	19FEB 2022	

**FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN**

File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period
748423161		001	1		20190219 1336 1590 0287	P PPSA	3

Individual Debtor Date of Birth First Given Name Initial Surname

Business Debtor Business Debtor Name Ontario Corporation Number  
 JAMES E WAGNER CULTIVATION CORPORATION  
 Address City Province Postal Code  
 530 MANITOU DRIVE KITCHENER ON N2C 1L3

Individual Debtor Date of Birth First Given Name Initial Surname

Business Debtor Business Debtor Name Ontario Corporation Number  
 Address City Province Postal Code

Secured Party Secured Party / Lien Claimant  
 TRICHOME FINANCIAL CORP.  
 Address City Province Postal Code  
 37 BAY STREET, SUITE 400 TORONTO ON M5J 3B2

Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
		X	X	X	X	X			

Motor Vehicle Description Year Make Model V.I.N.

General Collateral Description General Collateral Description

---

<b>Registering Agent</b>	<b>Registering Agent</b>			
	DLA PIPER (CANADA) LLP (MOC)			
	<b>Address</b>	<b>City</b>	<b>Province</b>	<b>Postal Code</b>
	100 KING STREET WEST, SUITE 6000	TORONTO	ON	M5X 1E2

END OF FAMILY

<b>Type of Search</b>	Business Debtor						
<b>Search Conducted On</b>	JAMES E. WAGNER CULTIVATION CORPORATION						
<b>File Currency</b>	23MAR 2020						
	<b>File Number</b>	<b>Family</b>	<b>of Families</b>	<b>Page</b>	<b>of Pages</b>	<b>Expiry Date</b>	<b>Status</b>
	748423206	2	6	2	8	19FEB 2022	

**FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN**

<b>File Number</b>	<b>Caution Filing</b>	<b>Page of</b>	<b>Total Pages</b>	<b>Motor Vehicle Schedule</b>	<b>Registration Number</b>	<b>Registered Under</b>	<b>Registration Period</b>
748423206		001	1		20190219 1336 1590 0288	P PPSA	3

<b>Individual Debtor</b>	<b>Date of Birth</b>	<b>First Given Name</b>	<b>Initial</b>	<b>Surname</b>
<b>Business Debtor</b>	<b>Business Debtor Name</b>			<b>Ontario Corporation Number</b>
	JAMES E. WAGNER CULTIVATION LTD			
	<b>Address</b>		<b>City</b>	<b>Province</b> <b>Postal Code</b>
	530 MANITOU DRIVE		KITCHENER	ON   N2C 1L3

<b>Individual Debtor</b>	<b>Date of Birth</b>	<b>First Given Name</b>	<b>Initial</b>	<b>Surname</b>
<b>Business Debtor</b>	<b>Business Debtor Name</b>			<b>Ontario Corporation Number</b>
	<b>Address</b>		<b>City</b>	<b>Province</b> <b>Postal Code</b>

<b>Secured Party</b>	<b>Secured Party / Lien Claimant</b>			
	TRICHOME FINANCIAL CORP.			
	<b>Address</b>	<b>City</b>	<b>Province</b>	<b>Postal Code</b>
	37 BAY STREET, SUITE 400	TORONTO	ON	M5J 3B2

<b>Collateral Classification</b>	<b>Consumer Goods</b>	<b>Inventory</b>	<b>Equipment</b>	<b>Accounts</b>	<b>Other</b>	<b>Motor Vehicle Included</b>	<b>Amount</b>	<b>Date of Maturity or</b>	<b>No Fixed Maturity Date</b>
		X	X	X	X	X			

<b>Motor Vehicle Description</b>	<b>Year</b>	<b>Make</b>	<b>Model</b>	<b>V.I.N.</b>

<b>General Collateral Description</b>	<b>General Collateral Description</b>

<b>Registering Agent</b>	<b>Registering Agent</b>			
	DLA PIPER (CANADA) LLP (MOC)			
	<b>Address</b>	<b>City</b>	<b>Province</b>	<b>Postal Code</b>
	100 KING STREET WEST, SUITE 6000	TORONTO	ON	M5X 1E2

END OF FAMILY

<b>Type of Search</b>	Business Debtor
	JAMES E. WAGNER CULTIVATION CORPORATION

**Search Conducted On**

File Currency 23MAR 2020

File Number	Family	of Families	Page	of Pages	Expiry Date	Status
756761418	3	6	3	8	22OCT 2029	

**FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN**

File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period
756761418		001	1		20191022 1156 1590 8083	P PPSA	10

**Individual Debtor**      **Date of Birth**      **First Given Name**      **Initial**      **Surname**

**Business Debtor**      **Business Debtor Name**      **Ontario Corporation Number**

JAMES E WAGNER CULTIVATION CORPORATION  
**Address**      **City**      **Province**      **Postal Code**  
 530 MANITOU DRIVE      KITCHENER      ON      N2C 1L3

**Individual Debtor**      **Date of Birth**      **First Given Name**      **Initial**      **Surname**

**Business Debtor**      **Business Debtor Name**      **Ontario Corporation Number**

**Address**      **City**      **Province**      **Postal Code**

**Secured Party**      **Secured Party / Lien Claimant**

TRICHOME FINANCIAL CORP.  
**Address**      **City**      **Province**      **Postal Code**  
 150 KING STREET WEST, SUITE 214      TORONTO      ON      M5H 1J9

Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
		X	X	X	X	X			

**Motor Vehicle Description**      **Year**      **Make**      **Model**      **V.I.N.**

**General Collateral Description**      **General Collateral Description**

<b>Registering Agent</b>	<b>Registering Agent</b>			
	TORYS LLP			
	<b>Address</b>	<b>City</b>	<b>Province</b>	<b>Postal Code</b>
	79 WELLINGTON ST W, 30TH FLOOR PO BOX 27	TORONTO	ON	M5K 1N2

END OF FAMILY

<b>Type of Search</b>	Business Debtor						
<b>Search Conducted On</b>	JAMES E. WAGNER CULTIVATION CORPORATION						
<b>File Currency</b>	23MAR 2020						
	<b>File Number</b>	<b>Family</b>	<b>of Families</b>	<b>Page</b>	<b>of Pages</b>	<b>Expiry Date</b>	<b>Status</b>
	756761436	4	6	4	8	22OCT 2029	
<b>FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN</b>							
<b>File Number</b>	<b>Caution Filing</b>	<b>Page of</b>	<b>Total Pages</b>	<b>Motor Vehicle Schedule</b>	<b>Registration Number</b>	<b>Registered Under</b>	<b>Registration Period</b>

756761436                      001      1                      20191022 1157 1590      P   PPSA      10  
8084

**Individual Debtor**      **Date of Birth**                      **First Given Name**                      **Initial**                      **Surname**

**Business Debtor**      **Business Debtor Name**                      **Ontario Corporation Number**  
JAMES E. WAGNER CULTIVATION LTD  
**Address**                      **City**                      **Province**                      **Postal Code**  
530 MANITOU DRIVE                      KITCHENER                      ON                      N2C 1L3

**Individual Debtor**      **Date of Birth**                      **First Given Name**                      **Initial**                      **Surname**

**Business Debtor**      **Business Debtor Name**                      **Ontario Corporation Number**  
**Address**                      **City**                      **Province**                      **Postal Code**

**Secured Party**      **Secured Party / Lien Claimant**  
TRICHOME FINANCIAL CORP.  
**Address**                      **City**                      **Province**                      **Postal Code**  
150 KING STREET WEST, SUITE 214                      TORONTO                      ON                      M5H 1J9

Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
		X	X	X	X	X			

**Motor Vehicle Description**      **Year**                      **Make**                      **Model**                      **V.I.N.**

**General Collateral Description**      **General Collateral Description**

<b>Registering Agent</b>	<b>Registering Agent</b>			
	TORYS LLP			
	<b>Address</b>	<b>City</b>	<b>Province</b>	<b>Postal Code</b>
	79 WELLINGTON ST W, 30TH FLOOR PO BOX 27	TORONTO	ON	M5K 1N2

END OF FAMILY

**Type of Search**      Business Debtor  
**Search Conducted On**      JAMES E. WAGNER CULTIVATION CORPORATION  
**File Currency**      23MAR 2020

File Number	Family	of Families	Page	of Pages	Expiry Date	Status
758987298	5	6	5	8	02JAN 2025	

**FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN**

File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period
758987298		001	2		20200102 0945 1590 3899	P PPSA	5

**Individual Debtor**      **Date of Birth**                      **First Given Name**                      **Initial**                      **Surname**

**Business Debtor**      **Business Debtor Name**                      **Ontario Corporation Number**  
JAMES E. WAGNER CULTIVATION CORPORATION  
**Address**                      **City**                      **Province**                      **Postal Code**  
530 MANITOU DRIVE                      KITCHENER                      ON                      N2C 1L3

Individual Debtor    Date of Birth    First Given Name    Initial    Surname

Business Debtor    Business Debtor Name    Ontario Corporation Number  
 JAMES E. WAGNER CULTIVATION LTD.

Address    City    Province    Postal Code  
 530 MANITOU DRIVE    KITCHENER    ON    N2C 1L3

Secured Party    Secured Party / Lien Claimant  
 LIND GLOBAL MACRO FUND, LP

Address    City    Province    Postal Code  
 C/O THE LIND PARTNERS, LLC, 444 MADISON    NEW YORK    NY    10022

Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
		X	X	X	X	X			

Motor Vehicle Description	Year	Make	Model	V.I.N.

General Collateral Description    General Collateral Description

Registering Agent				
STIKEMAN ELLIOTT LLP				
Address			City	Province
5300 COMMERCE COURT WEST 199 BAY ST.			TORONTO	ON
			Postal Code	M5L 1B9

CONTINUED

Type of Search    Business Debtor  
 Search Conducted On    JAMES E. WAGNER CULTIVATION CORPORATION  
 File Currency    23MAR 2020

File Number	Family	of Families	Page	of Pages	Expiry Date	Status
758987298	5	6	6	8	02JAN 2025	

**FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN**

File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period
758987298		002	2		20200102 0945 1590 3899		

Individual Debtor    Date of Birth    First Given Name    Initial    Surname

Business Debtor    Business Debtor Name    Ontario Corporation Number  
 GROWTH STORM INC.

Address    City    Province    Postal Code  
 530 MANITOU DRIVE    KITCHENER    ON    N2C 1L3

Individual Debtor    Date of Birth    First Given Name    Initial    Surname

Business Debtor    Business Debtor Name    Ontario Corporation Number

Address			City	Province	Postal Code

**Secured Party / Lien Claimant**  
**Address** \_\_\_\_\_ **City** \_\_\_\_\_ **Province** \_\_\_\_\_ **Postal Code** \_\_\_\_\_  
 AVE., FL 41

**Collateral Classification**  
 Consumer Goods    Inventory Equipment    Accounts Other    Motor Vehicle Included    Amount    Date of Maturity or    No Fixed Maturity Date

**Motor Vehicle Description**  
 Year    Make    Model    V.I.N.

**General Collateral Description**  
 General Collateral Description

<b>Registering Agent</b>	<b>Registering Agent</b>			
	<b>Address</b>	<b>City</b>	<b>Province</b>	<b>Postal Code</b>

END OF FAMILY

**Type of Search** Business Debtor  
**Search Conducted On** JAMES E. WAGNER CULTIVATION CORPORATION  
**File Currency** 23MAR 2020

File Number	Family	of Families	Page	of Pages	Expiry Date	Status
760896801	6	6	7	8	13MAR 2025	

**FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN**

File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period
760896801		001	2		20200313 1127 9234 0844	P PPSA	5

**Individual Debtor**    **Date of Birth**    **First Given Name**    **Initial**    **Surname**

**Business Debtor**    **Business Debtor Name**    **Ontario Corporation Number**  
 JAMES E. WAGNER CULTIVATION CORPORATION  
**Address**    **City**    **Province**    **Postal Code**  
 530 MANITOU DRIVE    KITCHENER    ON    N2C 1L3

**Individual Debtor**    **Date of Birth**    **First Given Name**    **Initial**    **Surname**

**Business Debtor**    **Business Debtor Name**    **Ontario Corporation Number**  
 JAMES E. WAGNER CULTIVATION LTD.  
**Address**    **City**    **Province**    **Postal Code**  
 530 MANITOU DRIVE    KITCHENER    ON    N2C 1L3

**Secured Party / Lien Claimant**  
 LIND GLOBAL MACRO FUND, LP  
**Address**    **City**    **Province**    **Postal Code**  
 C/O THE LIND PARTNERS, LLC    NEW YORK    NY    10022

Collateral Classification	Consumer Goods	Inventory Equipment	Accounts Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
		X	X	X			

Motor Vehicle Description	Year	Make	Model	V.I.N.
General Collateral Description	General Collateral Description			
Registering Agent	Registering Agent			
	STIKEMAN ELLIOTT LLP			
	Address	City	Province	Postal Code
	5300 COMMERCE COURT WEST, 199 BAY STREET	TORONTO	ON	M5L 1B9

CONTINUED

Type of Search	Business Debtor								
Search Conducted On	JAMES E. WAGNER CULTIVATION CORPORATION								
File Currency	23MAR 2020								
	File Number	Family	of Families	Page	of Pages	Expiry Date	Status		
	760896801	6	6	8	8	13MAR 2025			
<b>FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN</b>									
File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period		
760896801		002	2		20200313 1127 9234 0844				
Individual Debtor	Date of Birth	First Given Name			Initial	Surname			
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	GROWTH STORM INC								
	Address			City	Province	Postal Code			
	530 MANITOU DRIVE			KITCHENER	ON	N2C 1L3			
Individual Debtor	Date of Birth	First Given Name			Initial	Surname			
Business Debtor	Business Debtor Name					Ontario Corporation Number			
	Address			City	Province	Postal Code			
Secured Party	Secured Party / Lien Claimant								
	Address			City	Province	Postal Code			
	444 MADISON AVE., FL 41								
Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
Motor Vehicle Description	Year	Make			Model	V.I.N.			
General Collateral Description	General Collateral Description								



Registering Agent	Registering Agent			
	Address	City	Province	Postal Code

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File Currency: 23MAR 2020



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Type of Search Business Debtor  
 Search Conducted On JAMES E. WAGNER CULTIVATION LTD  
 File Currency 23MAR 2020

File Number	Family	of Families	Page	of Pages	Expiry Date	Status
748423161	1	6	1	8	19FEB 2022	

**FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN**

File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period
748423161		001	1		20190219 1336 1590 0287	P PPSA	3

Individual Debtor	Date of Birth	First Given Name	Initial	Surname
Business Debtor	Business Debtor Name			Ontario Corporation Number
	JAMES E. WAGNER CULTIVATION CORPORATION			
	Address			City Province Postal Code
	530 MANITOU DRIVE			KITCHENER ON N2C 1L3

Individual Debtor	Date of Birth	First Given Name	Initial	Surname
Business Debtor	Business Debtor Name			Ontario Corporation Number
	Address			City Province Postal Code

Secured Party	Secured Party / Lien Claimant	City	Province	Postal Code
	TRICHOME FINANCIAL CORP.	TORONTO	ON	M5J 3B2
	Address			
	37 BAY STREET, SUITE 400			

Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
		X	X	X	X	X			

Motor Vehicle Description	Year	Make	Model	V.I.N.

General Collateral Description	General Collateral Description



<b>Registering Agent</b>	<b>Registering Agent</b>			
	DLA PIPER (CANADA) LLP (MOC)			
	<b>Address</b>	<b>City</b>	<b>Province</b>	<b>Postal Code</b>
	100 KING STREET WEST, SUITE 6000	TORONTO	ON	M5X 1E2

END OF FAMILY

<b>Type of Search</b>	Business Debtor						
<b>Search Conducted On</b>	JAMES E. WAGNER CULTIVATION LTD						
<b>File Currency</b>	23MAR 2020						
	<b>File Number</b>	<b>Family</b>	<b>of Families</b>	<b>Page</b>	<b>of Pages</b>	<b>Expiry Date</b>	<b>Status</b>
	748423206	2	6	2	8	19FEB 2022	

**FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN**

<b>File Number</b>	<b>Caution Filing</b>	<b>Page of</b>	<b>Total Pages</b>	<b>Motor Vehicle Schedule</b>	<b>Registration Number</b>	<b>Registered Under</b>	<b>Registration Period</b>
748423206		001	1		20190219 1336 1590 0288	P PPSA	3

<b>Individual Debtor</b>	<b>Date of Birth</b>	<b>First Given Name</b>	<b>Initial</b>	<b>Surname</b>	
<b>Business Debtor</b>	<b>Business Debtor Name</b>			<b>Ontario Corporation Number</b>	
	JAMES E. WAGNER CULTIVATION LTD				
	<b>Address</b>		<b>City</b>	<b>Province</b>	<b>Postal Code</b>
	530 MANITOU DRIVE		KITCHENER	ON	N2C 1L3

<b>Individual Debtor</b>	<b>Date of Birth</b>	<b>First Given Name</b>	<b>Initial</b>	<b>Surname</b>	
<b>Business Debtor</b>	<b>Business Debtor Name</b>			<b>Ontario Corporation Number</b>	
	<b>Address</b>		<b>City</b>	<b>Province</b>	<b>Postal Code</b>

<b>Secured Party</b>	<b>Secured Party / Lien Claimant</b>			
	TRICHOME FINANCIAL CORP			
	<b>Address</b>	<b>City</b>	<b>Province</b>	<b>Postal Code</b>
	37 BAY STREET, SUITE 400	TORONTO	ON	M5J 3B2

<b>Collateral Classification</b>	<b>Consumer Goods</b>	<b>Inventory</b>	<b>Equipment</b>	<b>Accounts</b>	<b>Other</b>	<b>Motor Vehicle Included</b>	<b>Amount</b>	<b>Date of Maturity or</b>	<b>No Fixed Maturity Date</b>
		X	X	X	X	X			

<b>Motor Vehicle Description</b>	<b>Year</b>	<b>Make</b>	<b>Model</b>	<b>V.I.N.</b>

<b>General Collateral Description</b>	<b>General Collateral Description</b>

<b>Registering Agent</b>	<b>Registering Agent</b>			
	DLA PIPER (CANADA) LLP (MOC)			
	<b>Address</b>	<b>City</b>	<b>Province</b>	<b>Postal Code</b>
	100 KING STREET WEST, SUITE 6000	TORONTO	ON	M5X 1E2

END OF FAMILY

<b>Type of Search</b>	Business Debtor						
	JAMES E. WAGNER CULTIVATION LTD						

**Search Conducted On**

File Currency 23MAR 2020

File Number	Family	of Families	Page	of Pages	Expiry Date	Status
756761418	3	6	3	8	22OCT 2029	

**FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN**

File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period
756761418		001	1		20191022 1156 1590 8083	P PPSA	10

**Individual Debtor**      **Date of Birth**                      **First Given Name**                                      **Initial**                      **Surname**

**Business Debtor**      **Business Debtor Name**                                      **Ontario Corporation Number**  
 JAMES E. WAGNER CULTIVATION CORPORATION  
**Address**                                      **City**                      **Province**                      **Postal Code**  
 530 MANITOU DRIVE                      KITCHENER                      ON                      N2C 1L3

**Individual Debtor**      **Date of Birth**                      **First Given Name**                                      **Initial**                      **Surname**

**Business Debtor**      **Business Debtor Name**                                      **Ontario Corporation Number**  
**Address**                                      **City**                      **Province**                      **Postal Code**

**Secured Party**      **Secured Party / Lien Claimant**  
 TRICHOME FINANCIAL CORP.  
**Address**                                      **City**                      **Province**                      **Postal Code**  
 150 KING STREET WEST, SUITE 214                      TORONTO                      ON                      M5H 1J9

Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
		X	X	X	X	X			

**Motor Vehicle Description**      **Year**                      **Make**                                      **Model**                                      **V.I.N.**

**General Collateral Description**      **General Collateral Description**

<b>Registering Agent</b>	<b>Registering Agent</b>			
	TORYS LLP			
	<b>Address</b>	<b>City</b>	<b>Province</b>	<b>Postal Code</b>
	79 WELLINGTON ST W, 30TH FLOOR PO BOX 27	TORONTO	ON	M5K 1N2

END OF FAMILY

<b>Type of Search</b>	Business Debtor						
<b>Search Conducted On</b>	JAMES E. WAGNER CULTIVATION LTD						
<b>File Currency</b>	23MAR 2020						
	<b>File Number</b>	<b>Family</b>	<b>of Families</b>	<b>Page</b>	<b>of Pages</b>	<b>Expiry Date</b>	<b>Status</b>
	756761436	4	6	4	8	22OCT 2029	
<b>FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN</b>							
<b>File Number</b>	<b>Caution Filing</b>	<b>Page of</b>	<b>Total Pages</b>	<b>Motor Vehicle Schedule</b>	<b>Registration Number</b>	<b>Registered Under</b>	<b>Registration Period</b>

756761436

001

1

20191022 1157 1590  
8084

P PPSA

10

<b>Individual Debtor</b>	<b>Date of Birth</b>	<b>First Given Name</b>	<b>Initial</b>	<b>Surname</b>
--------------------------	----------------------	-------------------------	----------------	----------------

<b>Business Debtor</b>	<b>Business Debtor Name</b> JAMES E. WAGNER CULTIVATION LTD.	<b>Ontario Corporation Number</b>		
	<b>Address</b> 530 MANITOU DRIVE	<b>City</b> KITCHENER	<b>Province</b> ON	<b>Postal Code</b> N2C 1L3

<b>Individual Debtor</b>	<b>Date of Birth</b>	<b>First Given Name</b>	<b>Initial</b>	<b>Surname</b>
--------------------------	----------------------	-------------------------	----------------	----------------

<b>Business Debtor</b>	<b>Business Debtor Name</b>	<b>Ontario Corporation Number</b>		
	<b>Address</b>	<b>City</b>	<b>Province</b>	<b>Postal Code</b>

<b>Secured Party</b>	<b>Secured Party / Lien Claimant</b> TRICHOME FINANCIAL CORP.	<b>Ontario Corporation Number</b>		
	<b>Address</b> 150 KING STREET WEST, SUITE 214	<b>City</b> TORONTO	<b>Province</b> ON	<b>Postal Code</b> M5H 1J9

<b>Collateral Classification</b>	<b>Consumer Goods</b>	<b>Inventory</b>	<b>Equipment</b>	<b>Accounts</b>	<b>Other</b>	<b>Motor Vehicle Included</b>	<b>Amount</b>	<b>Date of Maturity or</b>	<b>No Fixed Maturity Date</b>
		X	X	X	X	X			

<b>Motor Vehicle Description</b>	<b>Year</b>	<b>Make</b>	<b>Model</b>	<b>V.I.N.</b>
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<b>General Collateral Description</b>	<b>General Collateral Description</b>
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<b>Registering Agent</b>	<b>Registering Agent</b>			
	TORYS LLP			
	<b>Address</b>	<b>City</b>	<b>Province</b>	<b>Postal Code</b>
	79 WELLINGTON ST W, 30TH FLOOR PO BOX 27	TORONTO	ON	M5K 1N2

END OF FAMILY

<b>Type of Search</b>	Business Debtor
<b>Search Conducted On</b>	JAMES E. WAGNER CULTIVATION LTD
<b>File Currency</b>	23MAR 2020

<b>File Number</b>	<b>Family</b>	<b>of Families</b>	<b>Page</b>	<b>of Pages</b>	<b>Expiry Date</b>	<b>Status</b>
758987298	5	6	5	8	02JAN 2025	

**FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN**

<b>File Number</b>	<b>Caution Filing</b>	<b>Page of</b>	<b>Total Pages</b>	<b>Motor Vehicle Schedule</b>	<b>Registration Number</b>	<b>Registered Under</b>	<b>Registration Period</b>
758987298		001	2		20200102 0945 1590 3899	P PPSA	5

<b>Individual Debtor</b>	<b>Date of Birth</b>	<b>First Given Name</b>	<b>Initial</b>	<b>Surname</b>
--------------------------	----------------------	-------------------------	----------------	----------------

<b>Business Debtor</b>	<b>Business Debtor Name</b> JAMES E. WAGNER CULTIVATION CORPORATION	<b>Ontario Corporation Number</b>		
	<b>Address</b> 530 MANITOU DRIVE	<b>City</b> KITCHENER	<b>Province</b> ON	<b>Postal Code</b> N2C 1L3

**Individual Debtor**    **Date of Birth**                      **First Given Name**    **Initial**                      **Surname**  
**Business Debtor**    **Business Debtor Name**    **Ontario Corporation Number**  
                                  JAMES E. WAGNER CULTIVATION LTD.  
**Address**    **City**                      **Province**                      **Postal Code**  
                                  530 MANITOU DRIVE    KITCHENER                      ON                      N2C 1L3  
**Secured Party**    **Secured Party / Lien Claimant**  
                                  LIND GLOBAL MACRO FUND, LP  
**Address**    **City**                      **Province**                      **Postal Code**  
                                  C/O THE LIND PARTNERS, LLC, 444 MADISON    NEW YORK                      NY                      10022  
**Collateral Classification**    **Consumer Goods**    **Inventory**    **Equipment**    **Accounts**    **Other**    **Motor Vehicle Included**    **Amount**    **Date of Maturity or**    **No Fixed Maturity Date**  
                                     X                      X                      X                      X                      X  
**Motor Vehicle Description**    **Year**                      **Make**    **Model**    **V.I.N.**  
**General Collateral Description**    **General Collateral Description**

<b>Registering Agent</b>	<b>Registering Agent</b>			
	STIKEMAN ELLIOTT LLP			
	<b>Address</b>	<b>City</b>	<b>Province</b>	<b>Postal Code</b>
	5300 COMMERCE COURT WEST 199 BAY ST.	TORONTO	ON	M5L 1B9

CONTINUED

**Type of Search**    Business Debtor  
**Search Conducted On**    JAMES E WAGNER CULTIVATION LTD  
**File Currency**    23MAR 2020  

File Number	Family	of Families	Page	of Pages	Expiry Date	Status
758987298	5	6	6	8	02JAN 2025	

**FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN**  

File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period
758987298		002	2		20200102 0945 1590 3899		

**Individual Debtor**    **Date of Birth**                      **First Given Name**    **Initial**                      **Surname**  
**Business Debtor**    **Business Debtor Name**    **Ontario Corporation Number**  
                                  GROWTH STORM INC.  
**Address**    **City**                      **Province**                      **Postal Code**  
                                  530 MANITOU DRIVE    KITCHENER                      ON                      N2C 1L3  
**Individual Debtor**    **Date of Birth**                      **First Given Name**    **Initial**                      **Surname**  
**Business Debtor**    **Business Debtor Name**    **Ontario Corporation Number**

	<b>Address</b>	<b>City</b>	<b>Province</b>	<b>Postal Code</b>

**Secured Party / Lien Claimant**  
**Address** City Province Postal Code  
 AVE., FL 41

**Collateral Classification** Consumer Goods Inventory Equipment Accounts Other Motor Vehicle Included Amount Date of Maturity or No Fixed Maturity Date

**Motor Vehicle Description** Year Make Model V.I.N.

**General Collateral Description** General Collateral Description

<b>Registering Agent</b>	<b>Registering Agent</b>			
	<b>Address</b>	<b>City</b>	<b>Province</b>	<b>Postal Code</b>

END OF FAMILY

**Type of Search** Business Debtor  
**Search Conducted On** JAMES E. WAGNER CULTIVATION LTD  
**File Currency** 23MAR 2020

File Number	Family	of Families	Page	of Pages	Expiry Date	Status
760896801	6	6	7	8	13MAR 2025	

**FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN**

File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period
760896801		001	2		20200313 1127 9234 0844	P PPSA	5

**Individual Debtor** Date of Birth First Given Name Initial Surname

**Business Debtor** Business Debtor Name Ontario Corporation Number  
 JAMES E. WAGNER CULTIVATION CORPORATION  
**Address** City Province Postal Code  
 530 MANITOU DRIVE KITCHENER ON N2C 1L3

**Individual Debtor** Date of Birth First Given Name Initial Surname

**Business Debtor** Business Debtor Name Ontario Corporation Number  
 JAMES E. WAGNER CULTIVATION LTD.  
**Address** City Province Postal Code  
 530 MANITOU DRIVE KITCHENER ON N2C 1L3

**Secured Party** Secured Party / Lien Claimant  
 LIND GLOBAL MACRO FUND, LP  
**Address** City Province Postal Code  
 C/O THE LIND PARTNERS, LLC NEW YORK NY 10022

Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
		X	X	X	X	X			

Motor Vehicle Description	Year	Make	Model	V.I.N.
---------------------------	------	------	-------	--------

General Collateral Description	General Collateral Description
--------------------------------	--------------------------------

Registering Agent	Registering Agent			
	STIKEMAN ELLIOTT LLP			
	Address	City	Province	Postal Code
	5300 COMMERCE COURT WEST, 199 BAY STREET	TORONTO	ON	M5L 1B9

CONTINUED

Type of Search	Business Debtor						
Search Conducted On	JAMES E. WAGNER CULTIVATION LTD						
File Currency	23MAR 2020						
	File Number	Family	of Families	Page	of Pages	Expiry Date	Status
	760896801	6	6	8	8	13MAR 2025	

FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN							
File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period
760896801		002	2		20200313 1127 9234 0844		

Individual Debtor	Date of Birth	First Given Name	Initial	Surname

Business Debtor	Business Debtor Name	Ontario Corporation Number		
	GROWTH STORM INC.			
	Address	City	Province	Postal Code
	530 MANITOU DRIVE	KITCHENER	ON	N2C 1L3

Individual Debtor	Date of Birth	First Given Name	Initial	Surname

Business Debtor	Business Debtor Name	Ontario Corporation Number		
	Address	City	Province	Postal Code

Secured Party	Secured Party / Lien Claimant			
	Address	City	Province	Postal Code
	444 MADISON AVE. FL 41			

Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date

Motor Vehicle Description	Year	Make	Model	V.I.N.

General Collateral Description	General Collateral Description



Registering Agent	Registering Agent			
	Address	City	Province	Postal Code

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File Currency: 23MAR 2020



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Type of Search Business Debtor  
 Search Conducted On JWC 1 LTD  
 File Currency 23MAR 2020

File Number	Family	of Families	Page	of Pages	Expiry Date	Status
748423269	1	2	1	2	19FEB 2022	

**FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN**

File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period
748423269		001	1		20190219 1337 1590 0289	P PPSA	3

Individual Debtor	Date of Birth	First Given Name	Initial	Surname
Business Debtor	Business Debtor Name			Ontario Corporation Number
	Address			City Province Postal Code
	530 MANITOU DRIVE			KITCHENER ON N2C 1L3

Individual Debtor	Date of Birth	First Given Name	Initial	Surname
Business Debtor	Business Debtor Name			Ontario Corporation Number
	Address			City Province Postal Code

Secured Party	Secured Party / Lien Claimant	City	Province	Postal Code
	TRICHOME FINANCIAL CORP.	TORONTO	ON	M5J 3B2
	Address	37 BAY STREET, SUITE 400		

Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
		X	X	X	X	X			

Motor Vehicle Description	Year	Make	Model	V.I.N.

General Collateral Description	General Collateral Description



<b>Registering Agent</b>	<b>Registering Agent</b>			
	DLA PIPER (CANADA) LLP (MOC)			
	<b>Address</b>	<b>City</b>	<b>Province</b>	<b>Postal Code</b>
	100 KING STREET WEST, SUITE 6000	TORONTO	ON	M5X 1E2

END OF FAMILY

<b>Type of Search</b>	Business Debtor						
<b>Search Conducted On</b>	JWC 1 LTD						
<b>File Currency</b>	23MAR 2020						
	<b>File Number</b>	<b>Family</b>	<b>of Families</b>	<b>Page</b>	<b>of Pages</b>	<b>Expiry Date</b>	<b>Status</b>
	756761445	2	2	2	2	22OCT 2029	

**FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN**

<b>File Number</b>	<b>Caution Filing</b>	<b>Page of</b>	<b>Total Pages</b>	<b>Motor Vehicle Schedule</b>	<b>Registration Number</b>	<b>Registered Under</b>	<b>Registration Period</b>
756761445		001	1		20191022 1157 1590 8085	P PPSA	10

<b>Individual Debtor</b>	<b>Date of Birth</b>	<b>First Given Name</b>	<b>Initial</b>	<b>Surname</b>

<b>Business Debtor</b>	<b>Business Debtor Name</b>			<b>Ontario Corporation Number</b>
	JWC 1 LTD.			
	<b>Address</b>	<b>City</b>	<b>Province</b>	<b>Postal Code</b>
	530 MANITOU DRIVE	KITCHENER	ON	N2C 1L3

<b>Individual Debtor</b>	<b>Date of Birth</b>	<b>First Given Name</b>	<b>Initial</b>	<b>Surname</b>

<b>Business Debtor</b>	<b>Business Debtor Name</b>			<b>Ontario Corporation Number</b>
	<b>Address</b>	<b>City</b>	<b>Province</b>	<b>Postal Code</b>

<b>Secured Party</b>	<b>Secured Party / Lien Claimant</b>			
	TRICHOME FINANCIAL CORP			
	<b>Address</b>	<b>City</b>	<b>Province</b>	<b>Postal Code</b>
	150 KING STREET WEST, SUITE 214	TORONTO	ON	M5H 1J9

<b>Collateral Classification</b>	<b>Consumer Goods</b>	<b>Inventory</b>	<b>Equipment</b>	<b>Accounts</b>	<b>Other</b>	<b>Motor Vehicle Included</b>	<b>Amount</b>	<b>Date of Maturity or</b>	<b>No Fixed Maturity Date</b>
		X	X	X	X	X			

<b>Motor Vehicle Description</b>	<b>Year</b>	<b>Make</b>	<b>Model</b>	<b>V.I.N.</b>

<b>General Collateral Description</b>	<b>General Collateral Description</b>

<b>Registering Agent</b>	<b>Registering Agent</b>			
	TORYS LLP			
	<b>Address</b>	<b>City</b>	<b>Province</b>	<b>Postal Code</b>
	79 WELLINGTON ST W, 30TH FLOOR PO BOX 27	TORONTO	ON	M5K 1N2

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File Currency: 23MAR 2020

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Type of Search      Business Debtor  
 Search Conducted On      JWC 2 LTD  
 File Currency      23MAR 2020

File Number	Family	of Families	Page	of Pages	Expiry Date	Status
748423314	1	2	1	2	19FEB 2022	

**FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN**

File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period
748423314		001	1		20190219 1337 1590 0290	P PPSA	3

Individual Debtor	Date of Birth	First Given Name	Initial	Surname
<b>Business Debtor</b>	<b>Business Debtor Name</b>			<b>Ontario Corporation Number</b>
	JWC 2 LTD			
	<b>Address</b>		<b>City</b>	<b>Province</b> <b>Postal Code</b>
	530 MANITOU DRIVE		KITCHENER	ON      N2C 1L3

Individual Debtor	Date of Birth	First Given Name	Initial	Surname
<b>Business Debtor</b>	<b>Business Debtor Name</b>			<b>Ontario Corporation Number</b>
	<b>Address</b>			<b>City</b> <b>Province</b> <b>Postal Code</b>

Secured Party	Secured Party / Lien Claimant		
	TRICHOME FINANCIAL CORP.		
	<b>Address</b>		<b>City</b> <b>Province</b> <b>Postal Code</b>
	37 BAY STREET, SUITE 400		TORONTO      ON      M5J 3B2

Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
		X	X	X	X	X			

Motor Vehicle Description	Year	Make	Model	V.I.N.

General Collateral Description	General Collateral Description

---

<b>Registering Agent</b>	<b>Registering Agent</b>			
	DLA PIPER (CANADA) LLP (MOC)			
	<b>Address</b>	<b>City</b>	<b>Province</b>	<b>Postal Code</b>
	100 KING STREET WEST, SUITE 6000	TORONTO	ON	M5X 1E2

END OF FAMILY

<b>Type of Search</b>	Business Debtor						
<b>Search Conducted On</b>	JWC 2 LTD						
<b>File Currency</b>	23MAR 2020						
	<b>File Number</b>	<b>Family</b>	<b>of Families</b>	<b>Page</b>	<b>of Pages</b>	<b>Expiry Date</b>	<b>Status</b>
	756761517	2	2	2	2	22OCT 2029	

<b>FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN</b>							
<b>File Number</b>	<b>Caution Filing</b>	<b>Page of</b>	<b>Total Pages</b>	<b>Motor Vehicle Schedule</b>	<b>Registration Number</b>	<b>Registered Under</b>	<b>Registration Period</b>
756761517		001	1		20191022 1158 1590 8088	P PPSA	10

<b>Individual Debtor</b>	<b>Date of Birth</b>	<b>First Given Name</b>	<b>Initial</b>	<b>Surname</b>	
<b>Business Debtor</b>	<b>Business Debtor Name</b>			<b>Ontario Corporation Number</b>	
	JWC 2 LTD.				
	<b>Address</b>		<b>City</b>	<b>Province</b>	<b>Postal Code</b>
	530 MANITOU DRIVE		KITCHENER	ON	N2C 1L3

<b>Individual Debtor</b>	<b>Date of Birth</b>	<b>First Given Name</b>	<b>Initial</b>	<b>Surname</b>	
<b>Business Debtor</b>	<b>Business Debtor Name</b>			<b>Ontario Corporation Number</b>	
	<b>Address</b>		<b>City</b>	<b>Province</b>	<b>Postal Code</b>

<b>Secured Party</b>	<b>Secured Party / Lien Claimant</b>			
	TRICHOME FINANCIAL CORP.			
	<b>Address</b>	<b>City</b>	<b>Province</b>	<b>Postal Code</b>
	150 KING STREET WEST, SUITE 214	TORONTO	ON	M5H 1J9

<b>Collateral Classification</b>	<b>Consumer Goods</b>	<b>Inventory</b>	<b>Equipment</b>	<b>Accounts</b>	<b>Other</b>	<b>Motor Vehicle Included</b>	<b>Amount</b>	<b>Date of Maturity or</b>	<b>No Fixed Maturity Date</b>
		X	X	X	X	X			

<b>Motor Vehicle Description</b>	<b>Year</b>	<b>Make</b>	<b>Model</b>	<b>V.I.N.</b>

<b>General Collateral Description</b>	<b>General Collateral Description</b>

<b>Registering Agent</b>	<b>Registering Agent</b>			
	TORYS LLP			
	<b>Address</b>	<b>City</b>	<b>Province</b>	<b>Postal Code</b>
	79 WELLINGTON ST W, 30TH FLOOR PO BOX 27	TORONTO	ON	M5K 1N2

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Type of Search Business Debtor  
 Search Conducted On JWC SUPPLY LTD  
 File Currency 23MAR 2020

File Number	Family	of Families	Page	of Pages	Expiry Date	Status
748423377	1	2	1	2	19FEB 2022	

**FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN**

File Number	Caution Filing	Page of	Total Pages	Motor Vehicle Schedule	Registration Number	Registered Under	Registration Period
748423377		001	1		20190219 1338 1590 0291	P PPSA	3

Individual Debtor	Date of Birth	First Given Name	Initial	Surname
<b>Business Debtor</b>				
Business Debtor Name JWC SUPPLY LTD				Ontario Corporation Number
Address 530 MANITOU DRIVE				City Province Postal Code KITCHENER ON N2C 1L3

Individual Debtor	Date of Birth	First Given Name	Initial	Surname
<b>Business Debtor</b>				
Business Debtor Name				Ontario Corporation Number
Address				City Province Postal Code

Secured Party	Secured Party / Lien Claimant	City	Province	Postal Code
TRICHOME FINANCIAL CORP.		TORONTO	ON	M5J 3B2
Address 37 BAY STREET, SUITE 400				

Collateral Classification	Consumer Goods	Inventory	Equipment	Accounts	Other	Motor Vehicle Included	Amount	Date of Maturity or	No Fixed Maturity Date
		X	X	X	X	X			

Motor Vehicle Description	Year	Make	Model	V.I.N.

General Collateral Description	General Collateral Description





<b>Registering Agent</b>	<b>Registering Agent</b>			
	DLA PIPER (CANADA) LLP (MOC)			
	<b>Address</b>	<b>City</b>	<b>Province</b>	<b>Postal Code</b>
	100 KING STREET WEST, SUITE 6000	TORONTO	ON	M5X 1E2

END OF FAMILY

<b>Type of Search</b>	Business Debtor						
<b>Search Conducted On</b>	JWC SUPPLY LTD						
<b>File Currency</b>	23MAR 2020						
	<b>File Number</b>	<b>Family</b>	<b>of Families</b>	<b>Page</b>	<b>of Pages</b>	<b>Expiry Date</b>	<b>Status</b>
	756761472	2	2	2	2	22OCT 2029	

**FORM 1C FINANCING STATEMENT / CLAIM FOR LIEN**

<b>File Number</b>	<b>Caution Filing</b>	<b>Page of</b>	<b>Total Pages</b>	<b>Motor Vehicle Schedule</b>	<b>Registration Number</b>	<b>Registered Under</b>	<b>Registration Period</b>
756761472		001	1		20191022 1157 1590 8086	P PPSA	10

<b>Individual Debtor</b>	<b>Date of Birth</b>	<b>First Given Name</b>	<b>Initial</b>	<b>Surname</b>

<b>Business Debtor</b>	<b>Business Debtor Name</b>			<b>Ontario Corporation Number</b>
	JWC SUPPLY LTD.			
	<b>Address</b>	<b>City</b>	<b>Province</b>	<b>Postal Code</b>
	530 MANITOU DRIVE	KITCHENER	ON	N2C 1L3

<b>Individual Debtor</b>	<b>Date of Birth</b>	<b>First Given Name</b>	<b>Initial</b>	<b>Surname</b>

<b>Business Debtor</b>	<b>Business Debtor Name</b>			<b>Ontario Corporation Number</b>
	<b>Address</b>	<b>City</b>	<b>Province</b>	<b>Postal Code</b>

<b>Secured Party</b>	<b>Secured Party / Lien Claimant</b>			
	TRICHOME FINANCIAL CORP.			
	<b>Address</b>	<b>City</b>	<b>Province</b>	<b>Postal Code</b>
	150 KING STREET WEST, SUITE 214	TORONTO	ON	M5H 1J9

<b>Collateral Classification</b>	<b>Consumer Goods</b>	<b>Inventory</b>	<b>Equipment</b>	<b>Accounts</b>	<b>Other</b>	<b>Motor Vehicle Included</b>	<b>Amount</b>	<b>Date of Maturity or</b>	<b>No Fixed Maturity Date</b>
		X	X	X	X	X			

<b>Motor Vehicle Description</b>	<b>Year</b>	<b>Make</b>	<b>Model</b>	<b>V.I.N.</b>

<b>General Collateral Description</b>	<b>General Collateral Description</b>

<b>Registering Agent</b>	<b>Registering Agent</b>			
	TORYS LLP			
	<b>Address</b>	<b>City</b>	<b>Province</b>	<b>Postal Code</b>
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*This is Exhibit* ..... **"D"** ..... *referred to in the*

*affidavit of* ..... Nathan Woodworth .....

*sworn before me, this* ..... 31<sup>st</sup> .....

*day of* ..... March, 2020 .....  


.....  
**A COMMISSIONER FOR TAKING AFFIDAVITS**

## LOAN AGREEMENT

THIS AGREEMENT is made as of the 19th day of February, 2019

### BETWEEN:

**James E. Wagner Cultivation Corporation**, a corporation governed by the laws of the Province of Ontario;

(the “**Borrower**”)

- and -

**Trichome Financial Corp.**, a corporation governed by the laws of the Province of Ontario;

(the “**Lender**”)

- and -

each of the **Guarantors** (as defined below) party hereto;

### RECITALS:

- A. The Borrower has requested the Lender to make available the Loan for the purposes set out herein.
- B. The Lender has agreed to provide the Loan to the Borrower on the terms and conditions herein set forth.
- C. Each of the Guarantors has agreed to guarantee the obligations of the Borrower hereunder.

**NOW THEREFORE THIS AGREEMENT WITNESSES** that, in consideration of the covenants and agreements herein contained, the parties hereto agree as follows:

#### 1. INTERPRETATION

##### 1.1 Definitions

For the purposes of this Agreement:

“**Agreement**” means this agreement and all schedules attached to this agreement, in each case as they may be amended or supplemented from time to time;

“**AML Legislation**” means the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) and other applicable anti-money laundering, anti-terrorist financing, government sanction and “know your client” Applicable Laws, whether within Canada or, to the extent applicable to Borrower or any Guarantor, elsewhere, including any regulations, guidelines or orders thereunder;

**“Anti-Corruption Laws”** means the *Corruption of Foreign Public Officials Act* (Canada) and all other laws, rules, and regulations of any jurisdiction applicable to Borrower or any Obligor from time to time concerning or relating to bribery or corruption;

**“Applicable Law”** means, in respect of any person, property, transaction or event, all applicable laws, statutes, rules, by-laws and regulations, and all applicable official directives, orders, judgments and decrees of governmental bodies;

**“Borrower”** means James E. Wagner Cultivation Corporation, an Ontario corporation, and its successors;

**“Business Day”** means any day other than Saturday, Sunday on which banks are generally open for business in the Province of Ontario;

**“Cannabis Laws”** means the *Cannabis Act* (Canada), the *Criminal Code* (Canada), and any other law, statute, rule or regulation in Canada or any other applicable jurisdiction (including any Province, Territory or other sub-jurisdiction) relating in any way to the production, cultivation, possession, storage, transportation, distribution, sale or use of cannabis and related substances and products, and including all regulations, official directives, orders, judgments and decrees promulgated under any of the foregoing;

**“Change of Control”** means:

(i) any Person or Persons acting jointly or in concert (within the meaning of the *Securities Act* (Ontario)) acquires, together with all other voting shares held by such Person or Persons, beneficial ownership of over 50% of the outstanding voting shares of the Borrower or otherwise acquires power to elect a majority of the board of directors of the Borrower (the **“Board”**); or

(ii) the occupation of a majority of the seats (other than vacant seats) on the Board by Persons who were neither (a) nominated by the Board nor (b) appointed, approved or endorsed by members of the Board; or

(iii) any Subsidiary of the Borrower which is a Guarantor ceases to be a wholly-owned Subsidiary of the Borrower, except as otherwise permitted hereunder; or

(iv) the sale, transfer or other disposition of all or substantially all of the assets of the Borrower or any Guarantor;

or the Borrower or any of its Subsidiaries, as applicable, takes any actions to effect any of the foregoing.

**“Collateral”** means all presently owned and after-acquired property, assets and undertaking of the Borrower and the Guarantors that are subject, or intended to be subject, to the Liens created by the Security Documents;

**“Competitive Business”** means any Person that (i) is a competitor to the Borrower and/or any Obligor, including, any producer, cultivator, seller or distributor of cannabis, and/or (ii) is an applicant or, to the knowledge of the Lender, is likely to become an applicant, for a licence from Health Canada or any other Governmental Body, to be a producer, cultivator, seller or distributor of cannabis;

**“Control”** means, in respect of a particular Person, the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ability to exercise voting power, by contract or otherwise. **“Controlling”** and **“Controlled”** have meanings correlative thereto;

**“Current Assets”** means, with respect to any Person, as of any date of determination, all assets of such Person that, in accordance with GAAP, would at such date be classified as current assets on the balance sheet of a Person, after deducting appropriate and adequate reserves therefrom in accordance with GAAP, (without duplication) as determined by the Borrower acting reasonably.

**“Current Liabilities”** means, with respect to any Person, as of any date of determination, all items (other than the Loan) that, in accordance with GAAP, would be classified on the balance sheet of such Person as current liabilities of such Person;

**“Default”** means any event or condition which, upon notice, lapse of time, or both, would constitute an Event of Default;

**“DSRA”** means a debt service reserve account in the name of the Borrower over which the Lender has exclusive dominion and control pursuant to a blocked account agreement reasonably satisfactory to the Lender, provided that Lender, will (subject to Section 6.1.22) consent to the withdrawal of funds from the DSRA by the Borrower if (i) no Default or Event of Default is then continuing or would occur as a result of such withdrawal, and (ii) either (x) the DSRA would remain Fully Funded after such withdrawal, or (y) the Borrower would be in compliance with the Minimum Liquidity Ratio after giving effect to such withdrawal;

**“Environmental Laws”** means all Applicable Laws relating to (i) the protection of the environment, (ii) preservation or reclamation of natural resources, (iii) human health and safety as it relates to environmental matters, contaminants and hazardous substances, (iv) hazardous substances and contaminants, (v) the assessment of environmental and social impacts or (vi) the rehabilitation, reclamation and closure of lands used in connection with the Business;

**“Event of Default”** has the meaning attributed to such term in Section 9.1;

**“Factoring Facility”** means a factoring agreement to be entered into between the Borrower and Trichome Funding Corp. pursuant to which Trichome Funding Corp. agrees to finance and/or collect receivables of the Borrower;

**“First Nations”** means any first nations, Métis aboriginal person(s), tribe(s) and/or band(s) of Canada.

**“First Nations Claims”** means any written claims, assertions or demands, whether proven or unproven, made by any First Nations to the Borrower or any Guarantor or a Governmental Body and communicated in writing by such Governmental Body to the Borrower or any Guarantor, in respect of asserted or proven aboriginal rights, aboriginal title, treaty rights or any other aboriginal interest in or to all or any portion of the Project or any real property on which the Project is located.

**“First Nations Information”** means any and all documentation in the possession of the Borrower and Guarantors, including any documentation in electronic form, which the Borrower acting in good faith, reasonably determines to be material, to any (i) First Nations Claims; (ii) any First Nations making any First Nations Claims, and (iii) issuance of Authorizations by Governmental

Bodies in relation to any First Nations Claims or First Nations groups in relation to the Project or any real property on which the Project is located;

**“Fully Funded”** on any date means that the DSRA is funded with cash or cash equivalents in an amount equal to the interest (based on the Interest Rate) on the then outstanding principal amount of the Loan that will be payable from such date until the 12 month anniversary of the Closing Date;

**“GAAP”** means generally accepted accounting principles in effect from time to time in Canada and applied on a consistent basis;

**“Governmental Body”** means any domestic or foreign federal, provincial, regional, state, municipal or other government, governmental department, agency, authority or body (whether administrative, legislative, executive or otherwise), court, tribunal, commission or commissioner, bureau, minister or ministry, board or agency, or other regulatory authority, including any securities regulatory authorities or stock exchange;

**“GSA”** has the meaning set forth in section 4.1(a);

**“Guarantors”** means, as of the date hereof, JWCL, JWC 1 Ltd., JCW 2 Ltd., JWC Supply Ltd. and GrowthStorm Inc., and any other Person that from time to time provides in favour of the Lender a guarantee of the Obligations in form and substance satisfactory to the Lender, including by way of becoming a party hereto as a guarantor;

**“Health Canada Licenses”** means all Material Authorizations related to cannabis and issued by Health Canada, including Material 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 No. 10-MM0456/2018;

**“Interest Payment Date”** has the meaning given to such term in Section 3.1;

**“Interest Period”** means each period of one calendar month, commencing on the date of this Agreement;

**“Interest Rate”** means 9.25% per annum;

**“JWCL”** means James E. Wagner Cultivation Ltd. and its successors and permitted assigns;

**“Lender”** means Trichome Financial Corp. and its successors and assigns;

**“License Impairment”** means any (i) suspension, revocation or non-renewal of any Health Canada License held by the Obligors, or (ii) the imposition by way of sanction or punishment of any geographical or quantitative limitation, material fine or other material impairment in respect of any Health Canada License held by the Obligors;

**“Lien”** means any lien, pledge, assignment, charge, security interest, hypothec, levy, execution, seizure, attachment, garnishment or other similar encumbrance;

**“Loan”** has the meaning given to it in Section 2.1;

**“Loan Documents”** means this Agreement, the Security Documents, and any other agreements executed and delivered from time to time (both before and after the date of this Agreement) to the Lender by the Borrower and the Guarantors in connection with this Agreement, in each case as amended, restated or replaced from time to time;

**“Material Authorization”** means the Health Canada Licenses and any other authorization, approval, consent, exemption, license, grant, permit, franchise, right, privilege or no-action letter from any Governmental Body having jurisdiction with respect to any specified Person, property, transaction or event, or with respect to any of such Person’s property or business and affairs (including any zoning approval, development permit or building permit), the failure of which to be obtained or held would prohibit or reasonably be expected to materially and adversely affect the ability of the Borrower and Guarantors to conduct their business as presently conducted and planned to be conducted;

**“Material Contract”** means any contract or agreement of the Borrower or Guarantors (i) which involves potential revenue or expenditure in excess of \$350,000 in any fiscal year, or (ii) the loss, termination or non-renewal of which would reasonably be expected to result in a Material Adverse Effect;

**“Material Adverse Effect”** means a material adverse effect upon (i) the financial condition, assets, business, future prospects or operations of the Borrower and the Guarantors, taken as a whole, (ii) their ability to perform their obligations under this Agreement or any Security Document, (iii) the Collateral, or (iv) any Health Canada License held by the Obligor or the Borrower’s ability to retain, utilize, exploit or comply with its obligations under, any Health Canada License held by the Obligor;

**“Maturity Date”** means February 19, 2021;

**“Minimum Liquidity Ratio”** means, (i) at any time that the DSRA is Fully Funded, 0.5:1, and (ii) at any time that the DSRA is not Fully Funded, 1.0:1.

**“Obligations”** means all indebtedness, liabilities and other obligations of the Borrower to the Lender hereunder, or under any other Loan Documents, whether actual or contingent, direct or indirect, matured or not, now existing or arising hereafter;

**“Obligors”** means the Borrower and the Guarantors;

**“Participants”** has the meaning given to such term in Section 10.2;

**“Permitted Construction Financing”** means unsecured indebtedness of up to \$5,000,000 representing deferred payment to Ball Construction Inc. in respect of invoices issued by Ball Construction Inc. for work completed by Ball Construction Inc. on the portion of the to be located at 530 Manitou Drive, Kitchener, Ontario, N2C 1L3, and for greater certainty Permitted Construction Financing shall not include any borrowed money;

**“Permitted Debentures”** means debentures issued by the Borrower which have the following attributes: (a) unsecured, (b) a maturity date at least 6 months later than the Maturity Date, (c) no amortization required prior to maturity, (d) convertible into shares of the Borrower at the option of the Borrower, (e) interest no greater than the Interest Rate, and (f) restrictive covenants no more restrictive than the restrictive covenants contained herein;



**“Permitted Encumbrances”** means:

- (a) Liens granted to the Lender;
- (b) Liens granted, or deemed to be granted, pursuant to the Factoring Facility;
- (c) pledges, deposits and Liens under any leases, worker’s compensation laws, unemployment insurance laws or similar legislation; good faith deposits in connection with bids, tenders and contracts (other than for the payment of debt); deposits of cash or bonds or other direct obligations of the United States, Canada or any Canadian province to secure surety or appeal bonds or deposits as security for import duties or for the payment of rents;
- (d) Liens imposed by law, such as carriers’, warehousemen’s and mechanics’ liens or other liens arising out of Applicable Law or judgments or awards with respect to which an appeal or other proceeding for review is being prosecuted (and as to which any foreclosure or other enforcement proceeding shall have been effectively stayed);
- (e) Liens for taxes, assessments and government charges and levies not yet subject to penalties for non-payment or which are being contested in good faith and by appropriate proceedings (and as to which foreclosure or other enforcement proceedings shall have been effectively stayed);
- (f) securities to public utilities or to any governmental authority when required by the utility or other authority in connection with the supply of services or utilities to the Borrower or other Obligors;
- (g) undetermined or inchoate Liens, arising or potentially arising under statutory provisions which have not at the time been filed or registered in accordance with Applicable Law or of which written notice has not been duly given in accordance with Applicable Law or which, although filed or registered, relate to obligations not due or delinquent;
- (h) mortgages on real property in connection with the “affiliate” program carried on by the Borrower and the other Obligors, pursuant to which program, among other things, the Borrower and/or the other Obligors may license intellectual property, provide services and advice and provide facility leasing opportunities, to Persons in exchange for certain payments as may be agreed by the Borrower from time to time, provided that such mortgage (i) is on real property acquired by the Borrower or other Obligors after the date of this Agreement, (ii) has no recourse to any other Collateral, and (iii) is on market terms for mortgage similar in size and nature; or
- (i) Liens consented to by the Lender in writing;

**“Prepayment Factor”** means (a) 0.075, minus (b) 0.003125 multiplied by the number of full months that have passed since the date of this Agreement;

**“Prepayment Premium”** means an amount equal to the Prepayment Factor multiplied by the amount of the Loan being prepaid;

**“Proceedings”** has the meaning attributed thereto in Section 5.1.8;

**“Project”** means the development, construction and operation of the cannabis indoor cultivation facilities to be located at 855 and 866 Trillium Drive, Kitchener, Ontario, N2R 1J9 and 530 Manitou Drive, Kitchener, Ontario, N2C 1L3;

**“Project Plans”** means the plans for the development, construction and operation of the Project, as may be amended from time to time to the extent permitted hereunder;

**“Sanctioned Entity”** means (a) a country or a government of a country, (b) an agency of the government of a country, (c) an organization directly or indirectly controlled by a country or its government, or (d) a Person resident in or determined to be resident in a country, in each case, that is subject to a Sanction administered and enforced by any Canadian Governmental Body;

**“Sanctioned Person”** means any Person listed in any sanctions-related list of designated Persons maintained by any Canadian Governmental Body;

**“Sanctions”** means economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by any Canadian Governmental Body;

**“Securities Laws”** means the *Securities Act* (Ontario), as amended, the *Securities Act* (Alberta), as amended, and the *Securities Act* (British Columbia), as amended, in each case including the regulations thereto and all national or multinational instruments, policies, rules, orders, codes, notices and interpretation notes adopted by securities regulators in British Columbia, Alberta and Ontario;

**“Security Documents”** means the agreements and instruments listed in Section 4.1 and any other agreements and instruments delivered from time to time (both before and after the date of this Agreement) by the Borrower or any Guarantor to the Lender for the purpose of securing payment or performance of the Obligations, in each case as amended, restated or replaced from time to time;

**“Set-Up Fee”** means a fee in the amount of \$105,000.

**“Surplus Working Capital”** at any time, means Current Assets at such time minus Current Liabilities at such time;

**“Surplus Working Capital to Loan Ratio”** means at any time, the ratio of (i) the Surplus Working Capital at such time to (ii) the principal amount of the Loan at such time less (x) the amount of the original issue discount that has been deducted pursuant to Section 2.2, (y) the amount of the Set-Up Fee, and (z) the expenses of the Lender reimbursed by the Borrower pursuant to Section 3.2.1;

**“TSXV”** means the TSX Venture Exchange or, if the context requires from time to time, any other securities exchange on which any securities of the Borrower are then listed and posted for trading;

**“Warrants”** means common share purchase warrants of the Borrower dated the Closing Date and exercisable at any time and from time to time until the date that is two years after the Closing Date to purchase 291,667 common shares of the Borrower at a price per share equal to the closing market price of the common shares of the Borrower on the TSXV on the last trading day prior to the public announcement of the transactions contemplated herein.

1.2 Invalidity, etc.

Each of the provisions contained in this Agreement 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.

1.3 Currency

All monetary amounts in this Agreement are stated in Canadian dollars.

1.4 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.

1.5 This Agreement to Govern

If there is any inconsistency between the terms of this Agreement and the terms of any other Loan Document, the provisions hereof shall govern to the extent of the inconsistency.

2. **THE LOAN**

2.1 The Loan

Subject to the terms and conditions of this Agreement, the Lender hereby agrees to lend to the Borrower \$3,500,000 (the "Loan") by way of one cash advance to the Borrower's bank account pursuant to wire instructions to be provided by the Borrower to the Lender. The Loan will be advanced upon satisfaction of the conditions set forth in Section 8.1. The proceeds of the Loan shall be used by the Borrower to finance the Project, approximately \$1,400,000 for HVAC equipment and approximately \$900,000 for payment of invoices to Ball Construction Inc., and the remainder for working capital purposes of the Borrower and Guarantors.

2.2 Original Issue Discount

The advance of the Loan shall be made to the Borrower at an original issue discount of 5%, which original issue discount shall not be a credit against the interest payable at the Interest Rate pursuant to Section 3.1 but shall constitute additional interest paid in advance, which additional interest represents an annual interest rate for the purposes of the *Interest Act* (Canada) on the Loan equal to 5% divided by the number of days from the date of advance of the Loan to the Maturity Date multiplied by 365.

2.3 Repayment on Maturity

The outstanding principal amount of the Loan, together with all accrued and unpaid interest and other amounts payable under this Agreement, shall be due and payable in full on the Maturity Date.

2.4 Not Revolving

The Loan shall not revolve and all prepayments of the Loan shall constitute permanent reductions of the principal amount of the Loan and may not be reborrowed.

## 2.5 Evidence of Obligations

The Lender shall maintain an account evidencing the indebtedness and liabilities of the Borrower hereunder and the amounts of principal, interest and other amounts owing and paid from time to time hereunder. In any legal action or proceeding in respect of this Agreement, the entries made in such account shall be conclusive evidence of the existence and amounts of the obligations of the Borrower therein recorded, absent manifest error.

## 2.6 Manner of Payment

All payments of principal, interest or other amounts payable hereunder by the Borrower shall be made on the dates specified herein (which if not a Business Day, shall be the next following Business Day) unless otherwise stipulated by means of electronic funds transfer into an account of the Lender specified by the Lender or in such other manner as the Lender may from time to time specify to the Borrower.

## 2.7 Voluntary Prepayment of the Loan

When not in default of any of the terms, covenants, conditions, or provisions of this Loan Agreement, the Borrower shall have the privilege, upon 30 days prior notice, of voluntarily prepaying the Loan in whole or in part at any time, together with the Prepayment Premium, provided that the Borrower shall concurrently pay to the Lender all accrued and unpaid interest on the amount being prepaid.

## 2.8 Application of Prepayments

Any amounts prepaid may not be reborrowed. All amounts prepaid shall be applied firstly to reduction of the accrued and unpaid interest then outstanding and thereafter in reduction of the principal amount of the Loan then outstanding (except as otherwise provided in Section 9.3).

## 3. INTEREST, FEES AND EXPENSES

3.1 The outstanding principal amount of the Loan shall bear interest at the Interest Rate from the date of advance to the date of repayment in full. Interest shall accrue from day to day in respect of each Interest Period from and including the first day of each Interest Period, to but excluding the last day of such Interest Period, and shall be calculated on the basis of the number of days elapsed and on the basis of a year of 365 or 366 days, as the case may be, and shall be paid to the Lender in arrears on the last day of each Interest Period (the "**Interest Payment Date**"), provided that if such day is not a Business Day, such payment will be made on the next following Business Day.

## 3.2 Payment of Costs and Expenses

Whether or not the Loan is advanced, the Borrower shall pay to the Lender:

3.2.1 on the date of the advance of the Loan, or if not advanced, on demand, all of the reasonable fees, expenses and disbursements of the Lender and counsel to the Lender incurred in connection with the preparation, negotiation, delivery and registration of the Loan Documents, subject to a maximum of \$65,000 plus taxes and disbursements; and

3.2.2 following the date of the advance of the Loan, on demand by the Lender, all other reasonable costs and expenses of the Lender and its agents from time to time in connection with the Loan:

3.2.2.1 any actual or proposed amendment of or supplement to any of the Loan Documents or any waiver thereunder; and

3.2.2.2 the defence, establishment, protection or enforcement of any of the rights or remedies of the Lender under any of the Loan Documents;

including, without limitation, all of the reasonable fees and disbursements of counsel to the Lender incurred in connection therewith.

### 3.3 Indemnity

The Borrower shall indemnify the Lender for all losses, costs, expenses, damages and liabilities which the Lender may sustain or incur as a consequence of any default by the Borrower or any Guarantor (i) hereunder, or (ii) under any other Loan Document. A certificate of the Lender reasonably setting forth the amounts necessary to indemnify the Lender in respect of such losses, costs, expenses, damages or liabilities shall be conclusive evidence of the amounts owing under this Section 3.3, absent manifest error acting reasonably.

### 3.4 Unpaid Amounts

Any unpaid amounts owing to the Lender by the Borrower pursuant to paragraphs 3.2 or 3.3 shall, at the option of the Lender, bear interest at the Interest Rate from the date on which payment is required to be made until paid in full.

## 4. SECURITY

### 4.1 Security

As security in favour of the Lender for the Obligations, the Borrower shall deliver to the Lender:

- (a) a general security agreement by the Borrower and each Guarantor (the “GSA”);
- (b) a pledge by the Borrower and each Guarantor of all shares held by each of them in each Guarantor;
- (c) an assignment of material contracts and licenses by the Borrower and each Guarantor;
- (d) a blocked account agreement in respect of all bank accounts of the Borrower and Guarantors (the “Blocked Account Agreements”);
- (e) customary landlord waivers from the landlord of each leased real property of the Borrower and Guarantors;
- (f) a mortgage in respect of all owned real property, if applicable; and

- (g) such other security documents as the Lender may at any time reasonably request for the purposes of granting, protecting or ensuring a first- ranking (subject only to Permitted Encumbrances) perfected Lien in favour of the Lender in all assets and property of the Borrower and Guarantors;

each of which shall be executed and delivered in form and substance satisfactory to the Lender, acting reasonably, and the Liens created thereby perfected as first ranking Liens subject to Permitted Encumbrances in all jurisdictions reasonably required by the Lender.

#### 4.2 Security Effective Notwithstanding Date of Advance

The Liens created under any of the Security Documents shall be effective and the undertakings in the Loan Documents in respect thereto shall be continuing, whether the Loan or any part thereof shall be advanced before or after or at the same time as the creation of any such Liens or before or after or upon the date of execution of this Agreement. The Security Documents listed in Section 4.1 shall constitute continuing security to the Lender for the Obligations from time to time.

#### 4.3 Further Assurances - Security

The Borrower shall execute and deliver to the Lender such other, additional or supplemental security agreements, instruments and financing statements as the Lender may at any time or from time to time hereafter reasonably request in connection with its Lien over the Collateral, in each case in form and substance reasonably satisfactory to the Lender.

### 5. REPRESENTATIONS AND WARRANTIES

#### 5.1 Representations and Warranties

The Borrower and each Guarantor represents and warrants to the Lender as follows:

5.1.1 **Status.** It is duly incorporated and existing under the laws of its jurisdiction of incorporation;

5.1.2 **Power and Capacity.** It has the power and capacity to carry on its business, to own its property and assets, and to enter into and perform its obligations under the Loan Documents to which it is a party;

5.1.3 **Due Authorization and Execution.** It has taken all necessary action to authorize the execution, delivery and performance of the Loan Documents to which it is a party and each Loan Document has been, or upon execution and delivery will be, duly executed and delivered by it;

5.1.4 **Compliance.** The Borrower and Guarantors, and the operation of their business, are in compliance in all material respects with all Applicable Laws, including for certainty all Environmental Laws and Cannabis Laws. Without limiting the generality of the foregoing, the Borrower and Guarantors and, to the Borrower's knowledge, their respective directors, officers and employees, are in compliance with and have not been charged under, Anti-Corruption Laws and applicable Sanctions and are not knowingly engaged in any activity that would reasonably be expected to result in any of them being designated as a Sanctioned Person or Sanctioned Entity. None of the Borrower or Guarantors, or, to the Borrower's knowledge, any of their respective directors, officers or

employees, (i) has, in violation of Applicable Law, used, or authorized the use of, any funds of any Obligor for any contribution, gift, entertainment or other expenses relating to political activity, (ii) has, in violation of Applicable Law, made or authorized the making of any direct or indirect bribe, rebate, payoff, influence payment, kickback or other payment to any domestic or foreign government official or employee, or (iii) is a Sanctioned Person or a Sanctioned Entity. No advance of the Loan, use of proceeds or other transaction contemplated by this Agreement will violate Anti-Corruption Laws or applicable Sanctions. The Borrower and Guarantors are in compliance with, and have not been charged under, AML Legislation; The Borrower and Guarantors, and the operation of their business, including the development, construction and operation of the Project, have been and are being conducted in compliance with Cannabis Laws and the Health Canada Licenses, and none of the Borrower, any Guarantor or any of their respective directors, officers and employees have taken any action or failed to take any action, and no state of affairs exist, in each case which would reasonably be expected to result in any charge or sanction under any Cannabis Law or result in any License Impairment. The Borrower and Guarantors have complied with all record-keeping requirements under Applicable Law, and as instructed or established by Health Canada or other applicable Government Bodies, with respect to the operation of its business. The Borrower and Guarantors have submitted to Health Canada or other applicable Governmental Bodies in a timely manner all required notices and reports with respect to its products (including adverse reaction reports and summary reports) in compliance with Applicable Law and guidelines of Health Canada or the applicable Governmental Body. All material written correspondence or written notices received from or provided to Health Canada or any other applicable Governmental Body, in relation to the Health Canada Licenses or the operation of the Borrower's business, have been provided to or made available to the Lender.

**5.1.5 No Contravention.** The execution and delivery of the Loan Documents to which it is a party and the performance by it of its obligations thereunder does not and will not contravene, breach or result in any default under its articles, bylaws or any of its other constating documents, any Material Contract or Material Authorization to which it is a party or by which it is bound, or any Applicable Law, including any Cannabis Law;

**5.1.6 No Consents Required.** Other than (i) as set forth in Schedule 5.1.6, (ii) such filings as are necessary to perfect the security interests granted to the Lender hereunder or (iii) in respect of any Collateral (as defined in the GSA) contemplated in paragraph (i), (ii) and/or (iii) of section 1 of the GSA, no authorization, consent or approval of, or filing with or notice to, any person (including any governmental body, under any Cannabis Law, any Material Contract, or any Material Authorization) is required in connection with the making of the Loan or the execution, delivery or performance by it of any of the Loan Documents to which it is party;

**5.1.7 Enforceability.** Each of the Loan Documents to which it is a party constitutes, or upon execution and delivery will constitute, a valid and binding obligation of it enforceable against it in accordance with its terms;

**5.1.8 No Litigation.** Other than as set forth in Schedule 5.1.8, there is presently in progress no court, administrative, regulatory or similar investigation or proceeding (collectively "Proceedings"), against or involving it, nor, to the knowledge of the Borrower, has any such Proceeding been threatened (in writing) against the Borrower or any Guarantor, and, to the knowledge of the Borrower, no event has occurred which

would reasonably be expected to give rise to any such Proceedings and there is no judgment or order of any court or governmental body outstanding against it;

**5.1.9 Real Property.** Schedule 5.1.9 lists all real property owned or leased by the Borrower and the Guarantors;

**5.1.10 Location.** The jurisdiction of the chief executive office and location of material tangible assets of each the Borrower and each Guarantor is set forth in Schedule 5.1.10;

**5.1.11 Ownership of Assets.** The Obligors have good and marketable title to their respective assets, free and clear of all Liens except Permitted Encumbrances and such Liens which have been disclosed to the Lender;

**5.1.12 Material Contracts.** Schedule 5.1.12 sets forth all Material Contracts of the Borrower and Guarantors, true, complete and correct copies of which have been provided to the Lender. All such Material Contracts are in force and effect, unamended, and the Borrower and Guarantors and, to the knowledge of the Borrower and Guarantors, each counterparty thereto, are in compliance in all material respects with all of their respective obligations under such Material Contracts and no breach or default has occurred, and no state of affairs exists, which would give any counterparty to any Material Contract the right to terminate any such Material Contract;

**5.1.13 Material Authorizations.** Schedule 5.1.13 sets forth all Material Authorizations of the Borrower and Guarantors. The Borrower and Guarantors have obtained or been issued all Material Authorizations required for the operation of their business as currently conducted and as planned to be conducted, and neither the Borrower nor any Guarantor is in any material respect in breach or default of the terms and conditions thereof; all of such Material Authorizations are in good standing in all material respects, and no proceeding is pending or, to the Borrower's knowledge, threatened in writing to revoke or limit in any material respect any such Material Authorization; and to the Borrower's knowledge, there are no facts or circumstances that would reasonably be expected to prevent the issuance, renewal or obtaining of any Material Authorizations (whether obtained or issued or to be obtained or issued);

**5.1.14 Insurance.** The Collateral and the businesses and operations of the Borrower and Guarantors are insured with reputable insurance companies (not affiliates of the Borrower) in such amounts, with such deductibles and covering such risks as is consistent with insurance carried by reasonably prudent participants in similar businesses in similar locations, and such coverage is in full force and effect, and Borrower and Guarantors have not breached the terms and conditions of any policies in respect thereof nor failed to promptly give any notice or present any material claim thereunder. There are no material claims by any of them under any such policy as to which any insurer is denying liability or defending under a reservation of rights clause;

**5.1.15 Intellectual Property.** The Borrower and Guarantors own or license all intellectual property required to carry-on business and all such licenses are in full force and effect;

**5.1.16 Labour Matters.** The Borrower and Guarantors are in material compliance with all Applicable Laws respecting employment and employment practices, terms and



conditions of employment, pay equity and wages; there is not currently any labour disruption or conflict involving Borrower or any Guarantor or directly affecting their business. None of the Borrower or Guarantors are a party to a collective bargaining agreement;

5.1.17 **Employee Benefit Plans.** Neither Borrower nor any Guarantor is party to or liable for a defined benefit plan. No Employee Benefit Plan has any unfunded liabilities that have not been fully accrued on its financial statements or that will not be fully offset by insurance. All Employee Benefit Plans are registered where required by, and are in good standing under, all Applicable Laws. For purposes of this Section 5.1.17, “**Employee Benefit Plan**” means any employee benefit plan, program, policy or arrangement sponsored, maintained or contributed to by Borrower or any Guarantor or any of their Affiliates or with respect to which any of them or any of their Affiliates has any liability or obligation;

5.1.18 **First Nations Information and Claims.** The Borrower has disclosed all First Nations Information to the Lender, and neither Borrower nor any Guarantor has entered into any written or oral agreements with First Nations to provide benefits, pecuniary or otherwise, with respect to their business. The Borrower and Guarantors are not aware of any First Nations Claims having been made or threatened in writing in respect of the Project or any real property on which the Project is, or is to be, located;

5.1.19 **Security.** The Borrower and its Subsidiaries have implemented security practices and procedures with respect to all locations owned or operated by them consistent with good industry practice and in accordance with Applicable Laws (including for certainty Cannabis Laws) and the requirements of the Health Canada License;

5.1.20 **All Material Information Supplied.** The Borrower has made available to the Lender all material information in its possession relating to its assets and financial condition. All documents and instruments made available to the Lender for the purposes of this Loan Agreement are, or will be, in all cases true and correct copies and all such documents and instruments are, or will be, in full force and effect;

5.1.21 **Issued Capital.** Schedule 5.1.21 accurately reflects the beneficial and registered ownership of each of the Guarantors. Except as set out in such Schedule, neither the Borrower nor any Guarantor has any other subsidiaries or joint ventures;

5.1.22 **Taxes.** Other than as disclosed to the Lender, it has paid all taxes, exigible from it or for the collection of which it is responsible under the laws of Canada or any other jurisdiction, in the case of taxes on income, in respect of all fiscal years ended on or prior to the date of this Agreement, and in the case of all other taxes, in respect of all periods ended prior to the date of this Agreement, for which such taxes were due and payable prior to the date of this Agreement;

5.1.23 **Financial Statements and No Material Change.** The financial statements of the Borrower and Guarantors that have been made available to the Lender have been prepared in accordance with generally accepted accounting principles applied on a consistent basis, and fairly present the financial position and results of operations of the

Borrower and Guarantors for the dates or periods reported on thereby subject, in relation to any unaudited financial statements, any year-end adjustments. From the date of the last audited financial statements made available to the Lender, there has been no change which would reasonably be expected to have a Material Adverse Effect;

5.1.24 **Indebtedness.** It shall (after giving effect to the Loan) have no indebtedness for borrowed money other than as permitted pursuant to Section 6.3.3 or 6.3.13 and shall have no other material liabilities, other than those incurred in ordinary course of business, or have or make any guarantee or agreement of support or indemnification of any indebtedness of any person except guarantees of indebtedness of another Obligor that is permitted by Section 6.3.3 or 6.3.13;

5.1.25 **Related Party Transactions.** Except as (A) disclosed in the financial statements or other public disclosure of the Borrower or (B) as permitted by this Agreement, neither Borrower nor any Guarantor has: (i) made any payment or loan to, or borrowed any moneys from or otherwise been indebted to, any related party thereof (other than Borrower or another Guarantor); or (ii) been a party to any contract with any related party thereof, other than independent contractor or indemnification agreements entered into with officers or directors. Any transactions between Borrower or Guarantor and a related party (other than Borrower or another Guarantor) have been completed on reasonable commercial terms that, considered as a whole, are not in any material respect less advantageous to such Borrower or Guarantor, as the case may be, than if the transaction was with a Person dealing at arm's length with such Borrower or Guarantor, as the case may be;

5.1.26 **No Default.** No Default or Event of Default has occurred and is continuing or would result from the advance of the Loan;

5.1.27 **Reporting Issuer Status.** The Borrower is a reporting issuer in the provinces of British Columbia, Alberta and Ontario and is in material compliance with all applicable Securities Laws therein. The Borrower's common shares are listed and posted for trading on the TSXV and the Borrower is in material compliance with the rules of the TSXV;

5.1.28 **U.S. Cannabis.** The Borrower does not have any direct, indirect or ancillary interest in any "marijuana-related activity" in the United States as defined in Staff Notice 51-352 (Revised) – *Issuer with U.S. Marijuana Activities* of the Canadian Securities Administrators. The Borrower is in compliance with the TSXV's guidance contained in its bulletin regarding "Business Activities Related to Marijuana in the United States" dated October 16, 2017;

5.1.29 **No Orders.** No order, ruling or determination having the effect of suspending the sale of, or ceasing the trading of, the common shares of the Borrower or any other securities of the Borrower has been issued and is continuing in effect and no proceedings for that purpose have been instituted, are pending or, to the knowledge of the Borrower, are contemplated or threatened (in writing) under any Applicable Law or by any Governmental Body;

5.1.30 **Filings.** The Borrower has filed all material documents required to be filed by it with all applicable Governmental Bodies and all such documents were, as of their respective dates, in compliance in all material respects with all Applicable Law and at the

time did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. The Borrower has not filed any material change reports that continue to be confidential;

5.1.31 **Disclosure Controls.** The Borrower has established and maintains a system of disclosure controls and procedures that are designed to provide reasonable assurance that information required to be disclosed by the Borrower in its annual filings, interim filings or other reports filed or submitted by it under applicable Securities Laws are recorded, processed, summarized and reported within the time periods specified in applicable Securities Laws. Such disclosure controls and procedures include controls and procedures designed to ensure that information required to be disclosed by the Borrower in its annual filings, interim filings or other reports filed or submitted under applicable Securities Laws are accumulated and communicated to the Borrower's management, including its chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure;

5.1.32 **Internal Controls.** The Borrower has established and maintains a system of internal controls over financial reporting that is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP, and includes policies and procedures that: (i) pertain to the maintenance of records that accurately and fairly reflect the material transactions, acquisitions and dispositions of the property and assets of the Borrower and each of its subsidiaries; (ii) are designed to provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that material receipts and expenditures of the Borrower and each of its subsidiaries are made only in accordance with authorizations of management and directors of the Borrower and its subsidiaries; and (iii) are designed to provide reasonable assurance regarding prevention or timely detection of any unauthorized acquisition, use or disposition of the property or assets of the Borrower or any of its subsidiaries that could have a material adverse effect on the Borrower's financial statements.

## 5.2 Survival of Representations and Warranties

The Borrower and each Guarantor covenants that the representations and warranties made by it in this Article 5 shall be true and correct on the day of this Agreement, on the date of each advance of the Loan, and on the date of delivery of each certificate required to be delivered pursuant to Section 6.1.16.1 and 6.1.16.2, with the same effect as if such representations and warranties had been made and given on and as of each such day unless such representations or warranty is expressed to be as of a specific date, notwithstanding any investigation made at any time by or on behalf of the Lender.

6. **COVENANTS**

6.1 Affirmative Covenants

So long as any Obligations remain outstanding, the Borrower and each Guarantor covenants and agrees that:

6.1.1 **Punctual Payment.** It shall pay or cause to be paid all Obligations falling due hereunder on the dates and in the manner specified herein including repayment of the Loan on the Maturity Date;

6.1.2 **Changes.** Provide the Lender with 10 days' advance notice of any change of name or any change in the location of its chief executive office or any material tangible assets;

6.1.3 **Existence.** Maintain its corporate existence; keep proper books of account and records; maintain its corporate status in all jurisdictions where it carries on business; and operate its business and the Project (including the construction thereof) in accordance with good construction and engineering practices and in compliance, in all material respects, with Applicable Law and all Material Contracts and Material Authorizations;

6.1.4 **Insurance.** Keep insured with financially sound and reputable insurance companies all of the tangible Collateral, in amounts and against losses or damages, including property damage and public liability, on a basis consistent with insurance obtained by reasonably prudent participants in similar businesses in similar locations and cause the policies of insurance referred to above to contain customary endorsements for the benefit of the Lender, all in a form acceptable to the Lender, acting reasonably, and include a provision that such policies will not be amended in any manner which is prejudicial to the Lender or be cancelled without 30 days' prior written notice being given to the Lender by the issuers thereof, and cause the Lender to be named as an additional insured with respect to property, casualty and liability insurance; provide the Lender promptly with such evidence of insurance as the Lender may from time to time reasonably require;

6.1.5 **Compliance with Applicable Law and Contracts.** It shall comply in all material respects with the requirements of all Applicable Law (including for certainty Cannabis Laws and Environmental Law), all Material Contracts to which it is a party or by which it is bound and all Material Authorizations (including for certainty the Health Canada Licenses);

6.1.6 **Material Authorizations.** Obtain, as and when required, and preserve and maintain, all Material Authorizations and Material Contracts which are required to permit the Borrower and Guarantors to (i) own, operate and maintain the Project in the manner currently carried on or planned to be carried on, (ii) develop, construct and operate the Project substantially as contemplated by the Project Plans, (iii) commence and carry out the operation of commercial production, and (iv) perform their obligations under the Loan Documents to which they are a party;

6.1.7 **TSX.** The Borrower shall maintain the listing of its common shares on the TSXV in good standing and timely file all reports and comply with all other requirements of the TSXV. Promptly after execution of this agreement, the Borrower shall apply to the

TSXV for approval of the Warrants and the common shares of the Borrower issuable upon due exercise thereof;

**6.1.8 Health Canada Licenses.** Maintain, preserve and comply with all provisions of, the Health Canada Licenses, and take all steps necessary to ensure the continued validity and renewal thereof;

**6.1.9 Preservation.** Maintain, preserve, protect and keep:

- (i) all of its material ownership, lease, use, licence and other interests in the Collateral as are necessary or advisable in order for it to be able to develop, construct and operate the Project substantially in accordance with the Project Plans and sound business practice;
- (ii) all material tangible Collateral owned by it in good repair, working order, and condition (ordinary wear and tear excepted), and make necessary and proper repairs, renewals, and replacements so that those aspects of the Project carried on in connection therewith may be properly conducted at all times, unless the continued maintenance of any of such Collateral ceases to be necessary or economically desirable for the development, construction or continued operation of the Project substantially in accordance with the Project Plans and sound business practice;
- (iii) the Borrower's status as a reporting issuer in good standing under the Securities Laws of British Columbia, Alberta and Ontario;

**6.1.10 Notice of Litigation and Other Matters.** It shall, as soon as practicable after it shall become aware of the same, give notice to the Lender of the following events:

6.1.10.1 the commencement of any Proceeding against or affecting it;

6.1.10.2 any material change in its business or any other development which would reasonably be expected to have a Material Adverse Effect;

6.1.10.3 any material default by any party under or termination or threatened (in writing) termination of any Material Contract of which it becomes aware;

6.1.10.4 any violation of any Applicable Law by any Obligor in any material respect;

6.1.10.5 any casualty, damage or loss, whether or not insured, through fire, theft, other hazard or casualty, or through any act or omission of an Obligor, or their respective officers, directors, employees, agents, contractors, consultants or representatives, or through any other Person having a value in excess of \$125,000 for any one event;

6.1.10.6 any material disputes involving local communities, municipalities or cities;

6.1.10.7 the loss of or material non-compliance with the terms of, or any threat (in writing) by a Governmental Body to revoke or suspend any Material Authorization (including without limitation the Health Canada Licenses);

6.1.10.8 any material dispute with a Governmental Body or a material violation of any Environmental Law or Cannabis Law applicable to the Project or an Obligor;

6.1.10.9 all material actions, suits and proceedings before any Governmental Body or arbitrator pending, or to the Borrower's knowledge, threatened in writing against or directly affecting any Obligor or the Project, including all material actions, suits, claims, notices of violation, hearings, investigations or proceedings pending or to the Borrower's knowledge threatened in writing with respect to the ownership, use, maintenance and operation of the Project; and

6.1.10.10 any Default or Event of Default, or any default or event of default or demand for repayment under any other Material Contract or Material Authorization, or under any other agreements if the consequence of such default or the loss or termination of such other agreement would reasonably be expected to have a Material Adverse Effect;

giving in each case the details thereof and specifying the action proposed to be taken with respect thereto;

6.1.11 **Intellectual Property.** Maintain its owned and licensed intellectual property necessary for it to conduct its business;

6.1.12 **Changes.** The Borrower shall provide the Lender with not less than 15 days' notice of any proposed change in the name or jurisdiction of incorporation/formation or chief executive office of any Obligor.

6.1.13 **Payment of Taxes.** It shall, duly and timely file all tax returns required to be filed by it, pay all taxes shown to be due and payable on such returns, and pay all assessments and re-assessments, and all other taxes, government charges, penalties, interests and fines due and payable by it and which are claimed by any governmental authority to be due and owing (unless being contested in good faith) and make adequate provision on its books for taxes payable for the current period for which tax returns are not yet required to be filed;

6.1.14 **Environmental.** Conduct all environmental remedial activities which a Person acting in a commercially reasonable manner and in accordance with good industry practice would perform in similar circumstances and meet its environmental responsibilities and conduct and pay for any environmental investigations, assessments or remedial activities with respect to any real property used in connection with the Project, in each case in all material respects as required in accordance with Applicable Law;

6.1.15 **Inspection.** At any time during regular business hours and upon reasonable prior written notice from the Lender, permit representatives of the Lender, at the cost and expense of the Borrower, to enter into or onto its property, to inspect any of the Collateral and to examine its financial books, accounts and records and to discuss its financial condition with its senior officers and its auditors, provided that the Lender shall exercise

its inspection rights not more than (x) once in any calendar year at the expense of the Borrower and (y) once in any calendar year at the expense of the Lender. Notwithstanding the foregoing, if an Event of Default has occurred and is continuing, or if access is necessary to preserve or protect the Collateral, as determined by the Lender, acting reasonably, the Borrower and Guarantors shall provide such access to the Lender at all times and without advance notice and at the expense of the Borrower;

**6.1.16 Reporting Requirements.** It shall deliver or cause to be delivered to the Lender:

6.1.16.1 within 120 days of the Borrower's fiscal year end, audited financial statements of the Borrower on a consolidated basis, together with a certificate of a senior officer of the Borrower certifying that no Default or Event of Default has occurred hereunder and including a reasonably detailed calculation of the Surplus Working Capital to Loan Ratio as of the fiscal year end;

6.1.16.2 within 60 days of the end of each fiscal quarter of the Borrower, unaudited financial statements of the Borrower on a consolidated basis, together with a certificate of a senior officer of the Borrower certifying that no Default or Event of Default has occurred hereunder and including a reasonably detailed calculation of the Surplus Working Capital to Loan Ratio as of the end of the fiscal quarter;

6.1.16.3 as soon as practicable following a request therefor from the Lender, the Borrower shall provide any financial information, financial statements, budgets, forecasts, projections, analysis, lists of property and accounts and other statements as the Lender may reasonably request from time to time, including copies of any tax returns and any other elections, remittance forms or other documents filed by an Obligor pursuant to any Applicable Law; and

6.1.16.4 such other financial or other information and the Lender may reasonably request from time to time;

**6.1.17 Business Plan.** Within 45 days of the end of the fiscal year of the Borrower it shall deliver or cause to be delivered to the Lender a revised business plan for the business and operations of the Borrower, including therein a budget for the next fiscal year, provided that such business plan and budget would not reasonably be expected to result in a Default, Event of Default or Material Adverse Effect;

**6.1.18 Use of Proceeds.** The Borrower shall use the proceeds of the Loan solely as stipulated in Section 2.1;

**6.1.19 Construction.** Diligently complete, or cause to be completed, the development and construction of the Project in a good and workmanlike manner;

**6.1.20 Holdbacks.** To the extent applicable, Borrower shall administer a 10% statutory holdback provision in the ordinary course of construction and in accordance with the *Construction Lien Act* (Ontario) or otherwise under Applicable Law;

**6.1.21 Blocked Account Agreements.** Within 90 days after the date on which the Loan is advanced, the Borrower shall deliver the Blocked Account Agreements in respect

of all bank accounts of the Borrower and Guarantors, in form and substance reasonably satisfactory to the Lender, provided that if the Borrower is unable to deliver the Blocked Account Agreements within such time-frame the Borrower shall have an additional 90 days to move its bank accounts to a bank which is able and willing to provide a Blocked Account Agreement and provided further that the standard form of blocked account agreement of any of The Toronto-Dominion Bank, Royal Bank of Canada, Canadian Imperial Bank of Commerce, The Bank of Nova-Scotia or Bank of Montreal shall be deemed to be acceptable to the Lender.

6.1.22 **DSRA.** The Borrower shall ensure that the DSRA is Fully Funded from the Closing Date until the 6-month anniversary of the Closing Date. Following such date the Borrower may in its sole discretion elect whether part (i) or (ii) of the definition of Minimum Liquidity Ratio shall apply. On, or up to two Business Days prior to, each Interest Payment up to and including the 12th Interest Payment Date following the Closing Date, the Lender shall be permitted to withdraw from the DSRA, and the Borrower shall if required facilitate such withdrawal, an amount equal to the interest payable hereunder on such Interest Payment Date.

## 6.2 Lender Entitled to Perform Covenants

If the Borrower or any Guarantor fails to perform any covenant contained in Section 6.1 the Lender may, in its discretion, perform any such covenant capable of being performed by it and if any such covenant requires the payment of money the Lender may make such payments. All sums so expended by the Lender shall be deemed to form part of the Obligations, shall bear interest at the same rate as the Loan from time to time and shall be payable by the Borrower on demand.

## 6.3 Negative Covenants

So long as any Obligations remain outstanding, the Borrower and each Guarantor covenants and agrees that it shall not:

6.3.1 **Sell Property.** Sell, transfer or otherwise dispose of any asset other than (i) any assets the book value of which does not exceed, in aggregate, 125,000 in any fiscal year of the Borrower, (ii) inventory in the ordinary course of business, (iii) to the Borrower or any other Guarantor, (iv) assets that are worn-out, obsolete or no longer useful in the business of the Obligors, or (v) any dispositions of any other assets at fair market value for cash where the net proceeds of disposal are used to acquire other assets useful to the business of the Obligors within 90 days of receipt;

6.3.2 **Encumber Property.** Create, grant, assume or suffer to exist any Lien upon, the Collateral or any part thereof, except pursuant to the Security Documents or except Permitted Encumbrances;

6.3.3 **Indebtedness.** Incur or guarantee any indebtedness other than (i) the Obligations, (ii) intercompany debt between Obligors, (iii) indebtedness recourse in respect of which is limited to the mortgages referred to in paragraph (h) of the definition of Permitted Encumbrances, (iv) Permitted Debentures, and (v) Permitted Construction Financing;

6.3.4 **Material Contracts.** Without the prior written consent of the Lender, such consent not to be unreasonably withheld or delayed, enter into a new Material Contract



which involves potential expenditure in excess of \$350,000 in any fiscal year, or amend or waive compliance by the applicable counterparty with any material provision of or terminate any Material Contract, nor shall any Obligor suffer or permit any termination of or consent or agree to any assignment (other than by way of security to the Lender) or transfer of any Material Contract except (A) transfers to another Obligor, or (B) terminations at the end of the stated term thereof or at the stated maturity thereof;

6.3.5 **Locations.** Except for inventory in transit, not permit any tangible Collateral to be located in any location except for the locations listed in Schedule 5.1.9 or as otherwise consented to by the Lender in writing;

6.3.6 **Business.** Change in any material respect the nature of its business or operations, nor engage directly or indirectly in any material business activity, or purchase or otherwise acquire any material property, in either case, not related to or in furtherance of the conduct of the business currently conducted by it, or initiate any construction project other than the Project;

6.3.7 **Hedging.** Enter into any hedge instrument or incur any hedge obligations;

6.3.8 **Acquisitions.** Make any acquisitions of any other Person, or all of the assets of, or all of the assets or any line of business or division of, any other Person;

6.3.9 **Real Property.** Acquire or lease any new real property except in connection with transactions involving Permitted Encumbrances identified in paragraph (h) of the definition of Permitted Encumbrances and provided the purchase price for such real property is not funded with the proceeds of the Loan;

6.3.10 **Corporate Structure.** Enter into any transaction to change or reorganize its capital structure or materially amend its articles, by-laws or any other constating documents in a manner that prejudices the Lender;

6.3.11 **Investments.** Make any investments in equity interests in any other Person or make any loans to any other Person, except investments and loans that are made (i) with the proceeds of equity issued by the Borrower and (ii) in a maximum aggregate amount outstanding at any time of \$2,000,000;

6.3.12 **Material Authorizations.** Not amend, supplement, terminate, abandon, allow to expire or fail to renew any Material Authorization, or permit any other Person to use, become party to or otherwise have an interest in, any Material Authorization, or take any action in furtherance of, or fail to take any action, which failure would be reasonably expected to result in, any of the foregoing;

6.3.13 **Financial Assistance.** Other than as disclosed to the Lender, provide financial assistance, by means of loan, guarantees, the provision of security or otherwise, to any Person, other than the Borrower or any other Guarantor;

6.3.14 **Fiscal Year.** Change its fiscal year;

6.3.15 **Amalgamations, etc.** Enter into any transaction (including by way of reorganization, consolidation, amalgamation, liquidation or otherwise) whereby all or any

portion of its property and assets would become the property of any other person other than Borrower or, in the case of a Guarantor, another Guarantor;

6.3.16 **Affiliate Transactions.** Not enter into any transaction with any affiliate, other than Borrower or another Guarantor, except on terms no less favourable than would reasonably be expected to be obtained in an arm's-length transaction;

6.3.17 **Distribution to Shareholders.** Pay any dividends or make any other distributions on its shares or other equity securities, except to the Borrower or a Guarantor or as consented to in writing by the Lender;

6.3.18 **Business.** Change in any material respect the nature of its business or operations, nor engage directly or indirectly in any material business activity, or purchase or otherwise acquire any material property, in either case, not related to or in furtherance of the conduct of the business as presently conducted by it;

6.3.19 **Anti-Corruption, etc.** (i) Use, or authorize the use of, any of its corporate funds for any contribution, gift, entertainment or other expenses relating to political activity in any manner in violation of Applicable Law; (ii) make, or authorize the making of, any direct or indirect bribe, rebate, payoff, influence payment, kickback or other payment to any domestic or foreign government official or employee from corporate funds in any manner in violation of Applicable Law; or (iii) violate any provision of AML Legislation, Anti-Corruption Laws or any applicable Sanctions;

6.3.20 **No Royalties, etc.** Make any payment of royalties in respect of the Project, or enter into any royalty, stream financing, or agreement having a similar economic effect, with any other Person in relation to the Project, other than the quarterly payment of royalties by the Borrower or Guarantors to Canopy Rivers Corporation pursuant to the Royalty Agreement between James E. Wagner Cultivation Ltd. and Canopy Rivers Corporation dated August 11, 2017;

6.3.21 **Sale Leaseback.** Enter into any sale and leaseback transaction, provided that for the avoidance of doubt the Obligors shall be entitled to lease any assets acquired by any Person for the purpose of leasing such assets to the Borrower or any Guarantor, provided that such assets were not acquired by such Person from the Borrower or a Guarantor.

**7. FINANCIAL COVENANTS**

**7.1 Liquidity**

Beginning the first full quarter following the Closing Date, the Borrower will not at any time permit its Surplus Working Capital to Loan Ratio to be less than Minimum Liquidity Ratio.

**8. CONDITIONS PRECEDENT**

**8.1 Conditions Precedent to the effectiveness of this Agreement and the advance of the Loan**

The Lender shall be satisfied that each of the following conditions precedent has been satisfied prior to the effectiveness of this Agreement and the making of the advance of the Loan, which conditions precedent are for the sole and exclusive benefit of the Lender and may be waived in writing by the Lender in its sole discretion:

8.1.1 the representations and warranties set out in Article 5 shall be true and correct;

8.1.2 no Default or Event of Default shall have occurred and be continuing;

8.1.3 no Material Adverse Effect shall have occurred;

8.1.4 the Lender shall have received the following in form and substance satisfactory to the Lender:

8.1.4.1 the Security Documents referred to in section 4.1, other than the Blocked Account Agreements;

8.1.4.2 certificates of status, good standing, or the equivalent for Borrower and each Guarantor;

8.1.4.3 an officer's certificate of Borrower and each Guarantor certified copies of articles, bylaws and authorizing resolutions for each of Borrower and each Guarantor and certifying such other factual matters as the Lender may require;

8.1.4.4 a certified, true copy of the following documents, in each case in form and substance satisfactory to the Lender:

8.1.4.4.1 draft financial statements for the fiscal quarter ending December 31, 2018;

8.1.4.4.2 the Project Plans;

8.1.4.4.3 all Material Contracts;

8.1.4.4.4 all Material Authorizations, including for certainty the Health Canada License;

8.1.4.5 an acceptable cash flow statement relating to the construction of the Project;

8.1.4.6 share certificates, duly endorsed in blank or with duly executed transfer powers of attorney of each of the Guarantors' issued and outstanding shares;

8.1.4.7 certificates of insurance in respect to of the Obligors' property, casualty and liability insurance, naming the Lender as first loss payee and additional insured;

8.1.4.8 an opinion of counsel to the Borrower acceptable to the Lender and Lender's counsel, acting reasonably, as to matters relating to the Borrower, the Guarantors and the Loan Documents;

8.1.4.9 an officer's certificate of the Borrower certifying that no Default or Event of Default has occurred and is continuing, that no Material Adverse Effect shall have occurred since the date of this Agreement, and that the representations and warranties set out in Article 5 shall be true and correct on the date of the advance of the Loan as if made on and as of such date;

8.1.5 all approvals, consents, orders and authorizations necessary for the completion of the transactions contemplated by the Loan Documents shall have been obtained;

8.1.6 the Liens created by the Security Documents shall have been perfected in all applicable jurisdictions;

8.1.7 the Lender shall have received payment in full of all fees and expenses payable in connection with the Loan which the Borrower has agreed to pay to the Lender;

8.1.8 the Set-up Fee shall have been paid to the Lender or satisfactory arrangements for its payment shall have been made;

8.1.9 the Warrants shall have been issued to the Lender and the conditional approval of the TSXV and any other required approval (other than any further approval of the TSXV) in connection with the issuance of the Warrants and the common shares of the Borrower issuable upon due exercise thereof shall have been obtained.

## **9. EVENTS OF DEFAULT AND REMEDIES**

### **9.1 Events of Default**

The occurrence of any of the following events shall constitute an Event of Default:

9.1.1 default by the Borrower in payment when due, by demand or otherwise, of any payment of the principal on the Loan;

9.1.2 default by the Borrower in payment, within 3 Business Days after the due date therefor, of any payment of interest or any other amounts owing under this Agreement;

9.1.3 default by the Borrower or any other Guarantor under any of the covenants in sections 6.3;

9.1.4 default by the Borrower or any Guarantor in the performance or observance of any other covenant, condition or obligation contained in any Loan Document unless such default, if capable of being remedied, is remedied within 15 Business Days after the earlier or (i) the Borrower or Guarantor becoming aware of such occurrence, and (ii) notice of such occurrence being provided to the Borrower by the Lender;

9.1.5 any representation or warranty made by the Borrower or any Guarantor in any Loan Document is found to be false or incorrect in any way so as to make it materially misleading when made or deemed to have been made unless such falseness or incorrectness, if capable of being remedied, is remedied within 15 Business Days after the earlier or (i) the Borrower or Guarantor becoming aware of such occurrence, and (ii) notice of such occurrence being provided to the Borrower by the Lender;;

9.1.6 default by the Borrower or Guarantor under any Material Contract or Material Authorization or an event of default under any indebtedness of the Borrower or Guarantor (other than indebtedness under the Permitted Debentures or the Permitted Construction Financing) in excess of \$250,000 (unless cured, remedied or waived), or any Material Contract or Material Authorization is terminated, cancelled or expires and is not renewed;

9.1.7 an event of default occurs under any Permitted Debentures or Permitted Construction Financing, after the expiry of any cure, grace or remedy period provided for in the terms thereof, unless cured, waived or remedied prior to the expiry of such cure, grace or remedy period;

9.1.8 the Borrower or any other Guarantor admits its inability to pay its debts generally as they become due or otherwise acknowledges its insolvency;

9.1.9 the Borrower or any other Guarantor institutes any proceeding, or any proceeding is commenced against or involving the Borrower:

9.1.9.1 seeking to adjudicate it as bankrupt or insolvent;

9.1.9.2 seeking liquidation, dissolution, winding up, reorganization, arrangement, protection or relief of it or any of its properties or assets or debts or making a proposal with respect to it under any law relating to bankruptcy, insolvency, compromise of debts or other similar laws; or

9.1.9.3 seeking appointment of a receiver, trustee in bankruptcy, agent, custodian or other similar official for it or for any material part of its properties and assets;

and, in the case of any proceeding not instituted by the Borrower, such proceeding is not being contested in good faith by appropriate proceedings or, if so contested, remains outstanding, undismissed and unstayed more than 45 days from the institution of such first mentioned proceeding;

9.1.10 any execution, distress or other enforcement process, whether by court order or otherwise, becomes enforceable against any Collateral and such execution, distress or other enforcement process is not stayed within 60 days of notice;

9.1.11 this Agreement or any Security Document is repudiated or contested by any Obligor in whole or in part, ceases to be in full force and effect, or is invalidated or rendered unenforceable by any act, regulation or governmental action or is determined to be invalid by a court or other judicial entity or, in the case of the Liens under the Security Documents, to not constitute a first ranking priority Lien in the Collateral, subject only to Permitted Encumbrances and any such document which has ceased to be in full force and effect has not been replaced by a valid and enforceable document equivalent in effect and priority to such document, assuming such document as originally been valid and enforceable and enjoyed the priority contemplated in respect thereof by this Agreement in form and substance acceptable to the Lender, within 10 days of such determination, provided that such grace period shall only be provided if the Borrower actively cooperates with the Lender to so replace such document;

9.1.12 any final judgment for the payment of monies in excess of \$100,000 is rendered against the Borrower or Guarantor and such judgment is not discharged, or stayed pending appeal, within 30 days from the imposition of such judgment;

9.1.13 any License Impairment occurs;

9.1.14 a Change of Control of the Borrower shall occur; or

9.1.15 the audit report to the financial statements of the Borrower are qualified as to scope;

9.1.16 any Obligor takes or seeks to take any action to (a) abandon all or any material portion of the Collateral, (b) abandon the construction of the Project, or (c) otherwise suspend construction, development or growing operations at the Project (other than temporary suspensions for sound operational reasons not to exceed three (3) months);

9.1.17 any Governmental Body directly or indirectly condemns, expropriates, nationalizes, seizes or appropriates any Obligor or any material portion of the Project;

9.1.18 the Borrower fails to comply with any of its material obligations in respect of the Warrants;

9.1.19 the occurrence of a Material Adverse Effect.

## 9.2 Remedies Upon Default

Upon the occurrence of any Event of Default, the Lender may at its sole option:

9.2.1 implement a default interest rate of an additional 2% per annum on top of the Interest Rate that is already applicable;

9.2.2 declare any or all of the Loan and the other Obligations to be immediately due and payable;

9.2.3 realize upon all or any part of the Collateral, pursuant to the Security Documents;

9.2.4 take such actions and commence such proceedings as may be permitted at law or in equity (whether or not provided for herein or in the Loan Documents) at such times and in such manner as the Lender in its sole discretion may consider expedient,

all without, except as may be required by Applicable Law, any additional notice, presentment, demand, protest, notice of protest, dishonour or any other action. The rights and remedies of the Lender hereunder are cumulative and are in addition to and not in substitution for any other rights or remedies provided by Applicable Law or by any of the Loan Documents.

### 9.3 Distributions

All distributions under or in respect of any of the security granted pursuant to the Security Documents shall be applied by the Lender on account of the Obligations without prejudice to any claim by the Lender for any deficiency after such distributions are received by the Lender. All such distributions shall be applied to such part of the Obligations as is determined by the Lender in its discretion acting reasonably.

## 10. ASSIGNMENTS AND PARTICIPATIONS

### 10.1 Assignment.

This Agreement and the other Loan Documents shall enure to the benefit of and be binding upon the parties hereto and thereto, their respective successors and any permitted assigns. The Borrower shall not assign all or any part of its rights or benefits under this Agreement. The Lender may assign all or any part of its rights in respect of the Obligations and the Loan Documents to any person without the consent of the Borrower provided that such Person is not a Competitive Business and provided that such restriction shall not apply during an Event of Default that is continuing.

### 10.2 Participations

The Lender may at any time, without the consent of, or notice to, the Borrower sell participations to any Person (each, a "**Participant**") in all or a portion of the Lender's rights and/or obligations under this Agreement (including all or a portion of its commitment to make the Loan and/or the outstanding amount of the Loan owing to it); provided that (i) the Lender's obligations under this Agreement shall remain unchanged, (ii) the Lender shall remain solely responsible to the Borrower for the performance of such obligations and (iii) the Borrower shall continue to deal solely and directly with the Lender in connection with the Lender's rights and obligations under this Agreement. Any payment by a Participant in connection with a sale of a participation shall not be or be deemed to be a repayment by the Borrower or a new advance to the Borrower.

### 10.3 Confidentiality

The Lender may disclose to any proposed assignee or proposed Participant such information concerning the financial position and assets of the Borrower as may be relevant or useful in connection therewith provided that such proposed assignee or Participant executes a confidentiality agreement in favour of the Borrower (with privity of contract) agreeing to keep all such information confidential substantially to the same extent as provided for in the confidentiality agreement in place between the Borrower and Lender. The Lender will notify the Borrower and provide a copy of any such

confidentiality agreement to the Borrower for its reference as soon as practicable following the execution thereof. Notwithstanding the foregoing, unless an Event of Default is continuing (i) the Lender will not assign any of its rights hereunder to any Competitive Business, and (ii) no proprietary or non-public information in respect of the Borrower will be disclosed by the Lender (or any Participant) to a Participant that is a Competitive Business.

#### 10.4 Certain Pledges

The Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement and the Loan Documents to secure obligations of the Lender, but no such pledge or assignment shall release the Lender from any of its obligations hereunder or substitute any such pledgee or assignee for the Lender as a party hereto.

### 11. GENERAL

#### 11.1 Amendment and Waiver

11.1.1 No amendment or waiver of any provision of any Loan Document or consent to any departure by the Borrower from any provision thereof is effective unless it is in writing and signed by an officer of the Lender. Such amendment, waiver or consent shall be effective only in the specific instance and for the specific purpose for which it is given.

#### 11.2 Notices

11.2.1 Any notice or other communication required or permitted to be given to the Borrower hereunder shall be in writing and shall be given by facsimile, other electronic means or by hand-delivery as hereinafter provided. Any such notice, if sent by facsimile, shall be deemed to have been received on the Business Day after the day of sending, or if delivered by hand shall be deemed to have been received at the time it is delivered to the applicable address noted below. Notice of change of address shall also be governed by this section. Notices and other communications the Borrower shall be addressed as follows:

James E. Wagner Cultivation Corporation  
530 Trillium Drive  
Kitchener, ON N2R 1J4

Attention: Nathan Woodworth  
Email: [nathan@jwc.ca](mailto:nathan@jwc.ca)

11.2.2 Any notice or other communication required or permitted to be given to the Lender hereunder shall be in writing and shall be given by facsimile, other electronic means or by hand-delivery as hereinafter provided. Any such notice, if sent by facsimile, shall be deemed to have been received on the Business Day after the day of sending, or if delivered by hand shall be deemed to have been received at the time it is delivered to the applicable address noted below. Notice of change of address shall also be governed by this section. Notices and other communications the Lender shall be addressed as follows:



Trichome Financial Corp.  
37 Bay Street, Suite 400  
Toronto, ON M5J 3B2

Attention: Michael Ruscetta  
Email: [mruscetta@trichomefinancial.com](mailto:mruscetta@trichomefinancial.com)

### 11.3 Further Assurances

Whether before or after the happening of an Event of Default, the Borrower shall at its own expense do, make, execute or deliver all such further acts, documents and things in connection with the Loan and the Loan Documents as the Lender may reasonably require from time to time for the purpose of giving effect to the Loan Documents, all promptly upon the reasonable request of the Lender.

### 11.4 Marketing

The Borrower authorizes and consents to the reproduction, disclosure and use by the Lender of customary information about the Borrower (including, without limitation, the Borrower's name and any identifying logos) and the transactions herein contemplated to enable the Lender to publish promotional "tombstones" and other forms of notices of the transactions contemplated herein in any manner and in any media (including, without limitation, brochures and posting by the Lender on their websites).

### 11.5 Counterparts

This Agreement may be signed in any number of counterparts, each of which shall be deemed to be an original, but all such separate counterparts shall together constitute one and the same instrument.

### 11.6 Entire Agreement

The Loan Documents 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 Loan. 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 Loan Documents.

## 12. Guarantee

### 12.1 Guarantee

To induce the Lender to execute and deliver this Agreement and to make or maintain the Loan, and in consideration thereof, each Guarantor hereby irrevocably and unconditionally guarantees to the Lender due and punctual payment and performance to the Lender upon demand made in accordance with the terms of this Agreement of all debts, liabilities and obligations of or owing by the Borrower to the Lender at any time and from time to time, present and future, direct and indirect, absolute and contingent, matured or not, arising from this Agreement or any other Loan Document and all amendments, restatements, replacements, renewals, extensions, or supplements and continuations thereof, and whether the Borrower is bound alone or with another or others, and whether as principal or surety, and including without limitation, all liabilities of the Borrower arising as a consequence of its failure to pay or fulfil any of such debts, liabilities and obligations (collectively, the "**Guaranteed Obligations**").

## 12.2 Indemnity

In addition to the guarantee specified in this Section 12, each Guarantor agrees to indemnify and save the Lender harmless from and against all costs, losses, expenses and damages it may suffer as a result or consequence of the Borrower's default in the performance of any of the Guaranteed Obligations, or any inability by the Lender to recover the ultimate balance due or remaining unpaid to the Lender in respect of the Guaranteed Obligations, including without limitation, reasonable legal fees incurred by or on behalf of the Lender resulting from any action instituted on the basis of this Guarantee.

## 12.3 Payment and Performance

12.3.1 If the Borrower fails or refuses to punctually make any payment or perform the Guaranteed Obligations, each Guarantor shall unconditionally render any such payment or performance upon demand in accordance with the terms of this Guarantee.

12.3.2 Nothing but payment and satisfaction in full of the Guaranteed Obligations shall release the Guarantors from their obligations under this Guarantee.

## 12.4 Continuing Obligation

The only condition (and no other document, proof or action other than as specifically provided in this Guarantee is) necessary as a condition of a Guarantor honouring its obligations under this Guarantee shall be written demand by the Lender to the Borrower. This Guarantee shall be a continuing guarantee, shall cover all the Guaranteed Obligations, and shall apply to and secure any ultimate balance due or remaining unpaid to the Lender. This Guarantee shall continue to be binding regardless of:

12.4.1 whether any other person or persons (an "Additional Guarantor") shall become in any other way responsible to the Lender for, or in respect of all or any part of the Guaranteed Obligations;

12.4.2 whether any such Additional Guarantor shall cease to be so liable;

12.4.3 the enforceability, validity, perfection or effect of perfection or non-perfection of any security interest securing the Guaranteed Obligations, or the validity or enforceability of any of the Guaranteed Obligations; or

12.4.4 whether any payment of any of the Guaranteed Obligations has been made and where such payment is rescinded or must otherwise be returned upon the occurrence of any action or event, including the insolvency or bankruptcy of the Borrower or otherwise, all as though such payment had not been made.

## 12.5 Guarantee Unaffected

This Guarantee shall not be determined or affected, or the Lender's rights under this Guarantee prejudiced by, the termination of any Guaranteed Obligations (other than as a result of the repayment in full thereof) by operation of law or otherwise, including without limitation, the bankruptcy, insolvency, dissolution or liquidation of the Borrower, any change in the name, business, powers, capital structure, constitution, objects, organization, directors or management of the Borrower, with respect to transactions occurring either before or after such change. This Guarantee is to extend to the liabilities of

the Borrower, notwithstanding any reorganization of the Borrower, any Guarantor or any Additional Guarantor or the amalgamation of the Borrower, a Guarantor or any Additional Guarantor with one or more other corporations (in this case, this Guarantee shall extend to the liabilities of the resulting corporation and the terms "Borrower", "Guarantor" and "Additional Guarantor" shall include such resulting corporation) or any sale or disposal of the Borrower's, a Guarantor's or the Additional Guarantor's business in whole or in part to one or more other persons and all of such liabilities shall be included in the Guaranteed Obligations. Each Guarantor agrees that the manner in which the Lender may now or subsequently deal with the Borrower, any Additional Guarantor or any security (or any collateral subject to the security) or other guarantee in respect of the Guaranteed Obligations shall have no effect on such Guarantor's continuing liability under this Guarantee and each Guarantor irrevocably waives any rights it may have in respect of any of the above.

## 12.6 Waivers

Each Guarantor waives each of the following, to the fullest extent permitted by law:

### 12.6.1 any defence based upon:

- (i) the unenforceability or invalidity of all or any part of the Guaranteed Obligations, or any security or other guarantee for the Guaranteed Obligations or any failure of the Lender to take proper care or act in a commercially reasonable manner in respect of any security for the Guaranteed Obligations or any collateral subject to the security, including in respect of any disposition of the Collateral or any set-off against the Guaranteed Obligations;
- (ii) any act or omission of the Borrower or any other person, including the Lender, that directly or indirectly results in the discharge or release of the Borrower or any other person or any of the Guaranteed Obligations or any security for the Guaranteed Obligations; or
- (iii) the Lender's present or future method of dealing with the Borrower, any Additional Guarantor or any security (or any collateral subject to the security) or other guarantee for the Guaranteed Obligations;

### 12.6.2 any right (whether now or hereafter existing) to require the Lender, as a condition to the enforcement of this Guarantee:

- (i) to accelerate any of the Guaranteed Obligations or proceed and exhaust any recourse against the Borrower or any other person;
- (ii) to realize on any security that it holds;
- (iii) to marshal the assets of a Guarantor or the Borrower; or

(iv) to pursue any other remedy that a Guarantor may not be able to pursue itself and that might limit or reduce such Guarantor's burden;

12.6.3 presentment, demand, protest and notice of any kind including, without limitation, notices of default and notice of acceptance of this Guarantee;

12.6.4 all suretyship defences and rights of every nature otherwise available under Ontario law and the laws of any other jurisdiction;

12.6.5 any rights of subrogation or indemnification which it may have, until the obligations of the Borrower and Guarantors under the Loan Documents have been paid in full; and

12.6.6 all other rights and defences (legal or equitable) the assertion or exercise of which would in any way diminish the liability of the Guarantors under this Guarantee.

## 12.7 Lender's Right to Act

Lender has the right to deal with the Borrower, the documents creating or evidencing the Guaranteed Obligations and the security (or any collateral subject to the security) now or subsequently held by the Lender (including, without limitation, all modifications, extensions, replacements, amendments, renewals, restatements, and supplements to such documents or security) as Lender may see fit, without notice to the Guarantors or any Additional Guarantor and without in any way affecting, relieving, limiting or lessening any Guarantor's or any Additional Guarantor's liability under this Guarantee. Without limitation, Lender may:

12.7.1 grant time, renewals, extensions, indulgences, releases and discharges to the Borrower;

12.7.2 take new or additional security (including, without limitation, other guarantees) from the Borrower;

12.7.3 discharge or partially discharge any or all existing security;

12.7.4 elect not to take security from the Borrower or not to perfect security;

12.7.5 cease or refrain from, or continuing to, giving credit or making loans or advances to the Borrower;

12.7.6 accept partial payment or performance from the Borrower or otherwise waive compliance by the Borrower with the terms of any of the documents or security;

12.7.7 assign any such document or security to any person or persons in accordance with the provisions of this Agreement;

12.7.8 deal or dispose in any manner (whether commercially reasonably or not) with any security (or any collateral subject to the security) or other guarantee for the Guaranteed Obligations; or

12.7.9 apply all dividends, compositions and moneys at any time received from any Borrower or others or from the security upon such part of the Guaranteed Obligations.

## 12.8 Action or Inaction

Except as provided at law, no action or omission on the part of the Lender in exercising or failing to exercise its rights under this Section or in connection with or arising from all or part of the Guaranteed Obligations shall make the Lender liable to a Guarantor for any loss occasioned to such Guarantor. No loss of or in respect of any securities received by the Lender from the Borrower or others, whether occasioned by the Lender's fault or otherwise, shall in any way affect, relieve, limit or lessen a Guarantor's liability under this Guarantee.

## 12.9 Lender' Rights

The rights and remedies provided in this Section are cumulative and may be exercised singly or concurrently, and are not exclusive of any rights or remedies provided by law.

## 12.10 Demand

The Agent may make demand in writing to any Guarantor at any time and from time to time, each such written demand to be accepted by each Guarantor as complete and satisfactory evidence of such Guarantor's obligations to make a payment under this Guarantee and the amount of such payment. Guarantors shall pay to the Agent such amount or amounts payable under this Guarantee immediately upon such written demand.

## 12.11 No Representations.

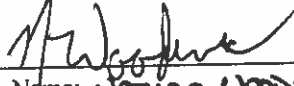
Each Guarantor acknowledges that this Guarantee has been delivered free of any conditions and that there are no representations which have been made to any Guarantor affecting such Guarantor's liability under this Guarantee except as may be specifically embodied in this Guarantee and agrees that this Guarantee is in addition to and not in substitution for any other guarantee(s) held or which may subsequently be held by or for the benefit of the Lender.

(Remainder of this page intentionally left blank)

IN WITNESS WHEREOF this Agreement has been executed by the parties hereto as of the date first written above.

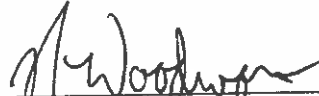
**BORROWER:**

**JAMES E. WAGNER CULTIVATION CORPORATION**


By:   
Name: NATHAN WOODWORTH  
Title: PRESIDENT

**GUARANTORS:**

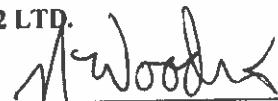
**JAMES E. WAGNER CULTIVATION LTD.**

By:   
Name: NATHAN WOODWORTH  
Title: PRESIDENT

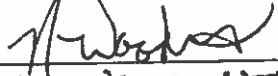
**JWC 1 LTD.**

By:   
Name: NATHAN WOODWORTH  
Title: PRESIDENT


**JWC 2 LTD.**

By:   
Name: NATHAN WOODWORTH  
Title: PRESIDENT

**JWC SUPPLY LTD.**

By:   
Name: **NATHAN WOODWARD**  
Title: **PRESIDENT**

**GROWTHSTORM INC.**

By:   
Name: **NATHAN WOODWARD**  
Title: **PRESIDENT**

**LENDER:**

**TRICHOME FINANCIAL CORP.**

By: \_\_\_\_\_

  
Name: Michael Ruscetta  
Title: Chief Financial Officer



**SCHEDULE 5.1.6**

**CONSENTS**

None.

## **SCHEDULE 5.1.8**

### **LITIGATION**

A civil claim has been instigated by a former employee and former director of James E. Wagner Cultivation Ltd. The claim is for monetary damages and certain declaratory relief arising out of the termination of his employment, an alleged right to participate in an employee stock option plan and bonus pool, and his alleged oppression as a shareholder.

The Borrower has retained outside counsel to defend all defendants. On an initial assessment, the Borrower believes that it has a strong defense to the claim and the material outflow of resources from a past event is not probable. The Borrower intends to vigorously defend the claim asserted against all defendants. Upon receipt of the statement of claim, and on review of all relevant facts and circumstances, it was determined that the claim does not constitute a material event and it was not reported.

## **SCHEDULE 5.1.9**

### **REAL PROPERTY**

- (i) 855 Trillium Drive, Unit B, Kitchener, Ontario (leased by the Borrower pursuant to a lease dated December 13, 2013, between Blue Top Properties (885 Trillium) Inc. and James E. Wagner Cultivation Ltd.);
- (ii) 530 Manitou Drive, Kitchener, Ontario (leased by the Borrower pursuant to a lease dated February 1, 2018, between Homer Land Corp. and James E. Wagner Cultivation Ltd.); and
- (iii) 860 Trillium Drive, Second Floor, Kitchener, Ontario (leased by the Borrower pursuant to a lease dated June 1, 2018, between NutriGroup Inc. and James E. Wagner Cultivation Ltd.)

## **SCHEDULE 5.1.10**

### **LOCATION**

The jurisdiction of the chief executive office and location of material tangible assets of the Borrower and each Guarantor is Ontario, Canada.

## **SCHEDULE 5.1.12**

### **MATERIAL CONTRACTS**

- Lease dated December 13, 2013, between Blue Top Properties (885 Trillium) Inc. and James E. Wagner Cultivation Ltd. in respect of 855 Trillium Drive, Kitchener, Ontario.
- Lease dated February 1, 2018, between Homer Land Corp. and James E. Wagner Cultivation Ltd. in respect of 530 Manitou Drive, Kitchener, Ontario.
- Offtake Agreement between James E. Wagner Cultivation Ltd. and Canopy Growth Corporation dated August 11, 2017.
- Royalty Agreement between James E. Wagner Cultivation Ltd. and Canopy Rivers Corporation dated August 11, 2017.
- Investment Agreement among James E. Wagner Cultivation Ltd., Canopy Rivers Corporation and Canopy Growth Corporation dated August 11, 2017.
- Construction Management Agreement between James E. Wagner Cultivation Ltd. and Ball Construction dated December 11, 2017.
- Investment Agreement between James E. Wagner Cultivation Corporation and Alumina Partners (Ontario) Ltd. dated November 6, 2018.
- Cannabis Concentrate Program Agreement between James E. Wagner Cultivation Ltd. and MediPharm Labs Inc. dated July 31, 2018.
- Technology License and Cannabis Streaming Agreement between James E. Wagner Cultivation Corporation and Wellness Farms Inc. dated February 8, 2019.

## SCHEDULE 5.1.13

### MATERIAL AUTHORIZATIONS

- Licence No. 10-MM0456/2018 originally issued by Health Canada pursuant to the MMPR and the CDSA and its regulations, which remains valid and continued under the *Access to Cannabis for Medical Purposes Regulations* and the Cannabis Act, with an effective date of January 9, 2017 and expiry date of January 9, 2020, granting James E. Wagner Cultivation Ltd. the authority to produce, possess, ship, transport, deliver and destroy dried cannabis and cannabis plants (including live clippings and seed) at 855 Trillium Drive, Unit B, Kitchener, Ontario. (Note: this licence was originally issued on January 9, 2017, expiring on January 10, 2018. An amendment to the licence was issued on January 9, 2018, expiring on January 9, 2020).
- Amendment to Licence 10-MM0456/2018 to include the sale of cannabis at 855 Trillium Drive, Unit B, Kitchener, Ontario, issued to James E. Wagner Cultivation Ltd. by Health Canada on March 29, 2018 (valid from January 9, 2017 to January 9, 2020).
- Amendment to Licence 10-MM0456/2018 to include production of cannabis oil at 855 Trillium Drive, Unit B, Kitchener, Ontario, issued to James E. Wagner Cultivation Ltd. by Health Canada on August 31, 2018 (valid from January 9, 2017 to January 9, 2020).
- Building permit #17 130701 issued on July 5, 2018, by the City of Kitchener in respect of 530 Manitou Drive, Kitchener, Ontario, for interior alterations to convert a factory into a hydroponic growth operation for James E. Wagner Cultivation Corporation.
- Building permit #18 108044 issued on April 10, 2018, by the City of Kitchener in respect of 530 Manitou Drive, Kitchener, Ontario, to repair flood damage to the basement of an existing office building attached to an industrial building by a firewall.
- Building permit #18 125341 issued on October 12, 2018, by the City of Kitchener in respect of 530 Manitou Drive, Kitchener, Ontario, for the installation of a new HVAC system in the office space adjoining the cultivation facility.
- Zoning occupancy certificate #18 117236 for manufacturing and accessory office issued to James E. Wagner Cultivation Ltd. on June 20, 2018, in respect of 530 Manitou Drive, Kitchener, Ontario.
- Confirmation of final inspection in respect of permit #18 108044 MS dated December 10, 2018.
- Confirmation of final inspection in respect of permit #18 125341 HV dated December 13, 2018.
- Application for Standard Cultivation Licence #APP-NJXY90NAVA-2018 at 530 Manitou Drive, Kitchener, Ontario submitted to Health Canada in digital application format. Current status: submitted in the Cannabis Tracking and Licensing System (“CTLS”) on November 20, 2018. CTLS application status: “In Progress”.

- Application for licence amendment for sale of cannabis oil at 855 Trillium Drive, Kitchener, Ontario (LIC-S0SIOQZD8S-2018) submitted to Health Canada in digital application format. Current status: submitted in the CTLS on December 18, 2018. CTLS application status: "In Progress".

## **SCHEDULE 5.1.21**

### **ISSUED CAPITAL**

James E. Wagner Cultivation Corporation owns 84,508,386 common shares of James E. Wagner Cultivation Ltd.

James E. Wagner Cultivation Corporation owns one hundred common shares of GrowthStorm Inc.

James E. Wagner Cultivation Ltd. owns one hundred common shares of each of JWC 1 Ltd., JWC 2 Ltd. and JWC Supply Ltd.



*This is Exhibit*.....**“E”**.....*referred to in the*

*affidavit of*..... Nathan Woodworth.....

*sworn before me, this*..... 31<sup>st</sup>.....

*day of* ..March, 2020.....

.....  
**A COMMISSIONER FOR TAKING AFFIDAVITS**

## OMNIBUS GENERAL SECURITY AGREEMENT

**THIS GENERAL SECURITY AGREEMENT** (as amended, modified, supplemented, restated or replaced from time to time, this “**Agreement**”), dated as of February 19, 2019, made by James E. Wagner Cultivation Corporation, a corporation formed under the laws of the Province of Ontario (the “**Borrower**”), James E. Wagner Cultivation Ltd., a corporation formed under the laws of the Province of Ontario, JWC 1 Ltd., a corporation formed under the laws of the Province of Ontario, JWC 2 Ltd., a corporation formed under the laws of the Province of Ontario, JWC Supply Ltd., a corporation formed under the laws of the Province of Ontario, and GrowthStorm Inc., a corporation formed under the laws of the Province of Ontario, (“**GrowthStorm**”, together with the Borrower, JWC 1 Ltd., JWC 2 Ltd., JWC Supply Ltd. and any of their successors, by amalgamation or otherwise, and permitted assigns, the “**Obligors**” and each an “**Obligor**”), in favour of Trichome Financial Corp., as lender under the Loan Agreement (as defined below) (together with any successor(s) thereto in such capacity, the “**Lender**”).

### WITNESSETH:

**WHEREAS** pursuant to a loan agreement dated as of the date hereof (together with all amendments, modifications, supplements, restatements or replacements, if any, from time to time thereafter made thereto, the “**Loan Agreement**”), between, among others, the Lender, and the Obligors, the Lender has agreed to advance the Loan to the Borrower;

**AND WHEREAS** as a condition precedent to the making of the Loan under the Loan Agreement, each Obligor is required to execute and deliver this Agreement as continuing collateral security to secure the performance of the Secured Obligations (as defined below) of such Obligor;

**AND WHEREAS** each Obligor has duly authorized the execution, delivery and performance of this Agreement;

**NOW THEREFORE** for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and in order to induce the Lender to advance the Loan to the Borrower pursuant to the Loan Agreement, each Obligor agrees, for the benefit of the Lender, as follows:

1. As general and continuing security for the payment and performance of its Secured Obligations, each Obligor assigns, transfers, sets over, grants a security interest in, mortgages and charges to the Lender, for the benefit of the Lender, as and by way of a fixed and specific mortgage, charge and security interest in, all of the present and future assets, property (both real and personal) and undertaking of such Obligor and in all right, title and interest which such Obligor now has or may hereafter have in all of its assets, property and undertaking, including without limitation, all present and after acquired assets, property and undertaking of the kinds hereinafter described (collectively, the “**Collateral**”):

- (a) all goods comprising the inventory of such Obligor, including but not limited to goods held for sale or lease or furnished or to be furnished under a contract of

service or that are raw materials, work in progress or materials used or consumed in a business or profession or finished goods, including, without limitation, "inventory" as defined in the PPSA;

- (b) all goods which are not inventory or consumer goods, including but not limited to furniture, fixtures, equipment, machinery, plant, tools, vehicles and other tangible personal property, including, without limitation, "equipment" as defined in the PPSA;
- (c) all Computer Hardware and Software Collateral (as defined below);
- (d) all accounts, debts and demands which are now due, owing or accruing due or which may hereafter become due, owing or accruing due to such Obligor and all claims of any kind which such Obligor now has or may hereafter have, including but not limited to claims against Her Majesty the Queen in right of Ontario and claims under insurance policies (collectively referred to together with intangibles and the Collateral described in Sections 1(f) and (n) as "**Receivables**");
- (e) all Intellectual Property Collateral (as defined below);
- (f) all chattel paper;
- (g) all warehouse receipts, bills of lading and other documents of title, whether negotiable or not;
- (h) all instruments, shares, stock, warrants, bonds, debentures, debenture stock or other securities;
- (i) all money, deposit accounts and all other financial assets of the Obligors;
- (j) all securities entitlements;
- (k) all investment property;
- (l) all securities accounts in the name of such Obligor, including any and all assets of whatever type or kind deposited in or credited to such securities accounts, including all financial assets, all security entitlements related to such financial assets, and all certificates and other instruments from time to time representing or evidencing the same, and all dividends, interest, distributions, cash and other property from time to time received or receivable upon or otherwise distributed or distributable in respect of or in exchange for any or all of the foregoing;
- (m) all rights, contracts (including, without limitation, rights and interests arising thereunder or subject thereto), instruments, agreements, licences, permits, consents, leases, policies, approvals, development agreements, building contracts, performance bonds, purchase orders, plans and specifications all of which may or may not be personal property but may be rights in which such Obligor has

interests, all as may be amended, modified, supplemented, replaced or restated from time to time;

- (n) all rents, present or future, under any lease or agreement to lease any part of the lands of such Obligor or any building, erection, structure or facility now or hereafter constructed or located on such lands, income derived from any tenancy, use or occupation thereof and any other income and profit derived therefrom;
- (o) all intangibles, including but not limited to all money, cheques, deposit accounts, choses in action, letters of credit, advances of credit and goodwill;
- (p) with respect to the property described in Sections 1(a) to (o) inclusive, all books, accounts, invoices, letters, papers, documents and other records in any form evidencing or relating thereto and all contracts, securities, instruments and other rights and benefits in respect thereof;
- (q) with respect to the property described in Sections 1(a) to (p) inclusive, all substitutions and replacements thereof and increases, additions and accessions thereto; and
- (r) with respect to the property described in Sections 1(a) to (q) inclusive, all proceeds therefrom including personal property in any form or fixtures derived directly or indirectly from any dealing with such property or proceeds therefrom and any insurance or other payment as indemnity or compensation for loss of or damage to such property or any right to such payment, and any payment made in total or partial discharge or redemption of an intangible, chattel paper, instrument or security;

provided, however, the security interest created shall not charge, encumber, create a Lien upon or otherwise mortgage any consumer goods which any Obligor may own. In this Agreement, the words "accessions", "account", "chattel paper", "consumer goods", "document of title", "equipment", "goods", "instrument", "intangible", "inventory" and "proceeds" shall have the same meanings as their defined meanings in the *Personal Property Security Act (Ontario)*, as amended, re-enacted or replaced from time to time (the "PPSA"), and the terms "certificated security", "entitlement holder", "financial asset", "security" (which term includes the plural thereof, "securities"), "securities account", "security entitlement", "security intermediary" and "uncertificated security" whenever used herein have the meanings given to these terms in the *Securities Transfer Act, 2006 (Ontario)* (the "STA") as amended, re-enacted or replaced from time to time.

The said assignment, transfer, mortgage, charge and security interest shall not extend or apply to:

- (i) the last day of the term of any lease or any agreement therefor now held or hereafter acquired by any Obligor, but should such mortgage, charge and security interest become enforceable, each Obligor shall thereafter stand possessed of such last day and shall hold it in trust to assign the same to any Person acquiring such term or the part thereof mortgaged and charged

in the course of any enforcement of the said assignment, transfer, mortgage, charge and security or any realization of the subject matter thereof;

- (ii) any present or after-acquired agreement, contract, right, franchise, licence or permit (for the purpose of this Section, the “**contractual rights**”) to which any Obligor is a party or of which any Obligor has the benefit to the extent that the creation of the assignment, transfer, mortgage, charge or security therein would constitute a breach of the terms of or permit any Person to terminate any of the contractual rights or otherwise constitute a breach of or violation under any existing Applicable Law to which any Obligor is subject, provided that all such contractual rights will be held in trust by each Obligor for the benefit of the Lender. Notwithstanding the foregoing, the said assignment, transfer, mortgage, charge and security interest shall apply to any proceeds of the disposition of any such contractual rights and each Obligor further agrees to hold such proceeds in trust for the Lender; or
- (iii) the Excluded Accounts.

2. Unless otherwise defined herein or the context otherwise requires, capitalized terms used herein shall have the meanings provided in the Loan Agreement, and in this Agreement:

- (a) “**Agreement**” is defined in the preamble;
- (b) “**Computer Hardware and Software Collateral**” means:
  - (i) all computer and other electronic data processing hardware, integrated computer systems, central processing units, memory units, display terminals, printers, features, computer elements, card readers, tape drives, hard and soft disk drives, cables, electrical supply hardware, generators, power equalizers, accessories and all peripheral devices and other related computer hardware;
  - (ii) all software programs (including both source code, object code and all related applications and data files), whether now owned, licenced or leased or hereafter acquired by any Obligor, designed for use on the computers and electronic data processing hardware described in clause (i) above;
  - (iii) all firmware associated therewith;
  - (iv) all documentation (including flow charts, logic diagrams, manuals, guides and specifications) with respect to such hardware, software and firmware described in the preceding clauses (i) through (iii); and
  - (v) all rights with respect to all of the foregoing, including, without limitation, any and all intellectual property rights, copyrights, leases, licences,

options, warranties, service contracts, program services, test rights, maintenance rights, support rights, improvement rights, renewal rights and indemnifications and any substitutions, replacements, additions or model conversions of any of the foregoing;

(c) **“Control Agreement”** means:

- (i) with respect to any uncertificated securities included in the Collateral, an agreement between the issuer of such uncertificated securities and another Person whereby such issuer agrees to comply with instructions that are originated by such Person in respect of such uncertificated securities, without the further consent of an Obligor; and
- (ii) with respect to any security entitlements in respect of financial assets deposited in or credited to a securities account included in the Collateral, an agreement between the securities intermediary and another Person in respect of such security entitlements pursuant to which such securities intermediary agrees to comply with any entitlement orders with respect to such security entitlements that are originated by the Lender, without the further consent of an Obligor.

(d) **“Copyright Collateral”** means:

- (i) all copyrights (including without limitation copyrights for semi-conductor chip product mask works and all integrated circuit topography) of any Obligor, whether statutory or common law, registered or unregistered, now or hereafter in force throughout the world, and all applications for registration thereof, whether pending or in preparation, and all copyrights resulting from such applications;
- (ii) all extensions and renewals of any thereof;
- (iii) all copyright licences and other agreements providing any Obligor with the right to use any of the items of the type referred to in clauses (i) and (ii);
- (iv) the right to sue for past, present and future infringements of any of the Copyright Collateral referred to in clauses (i) and (ii) and, to the extent applicable, clause (iii); and
- (v) all proceeds of the foregoing, including, without limitation, licences, royalties, income, payments, claims, damages and proceeds of suit;

(e) **“Intellectual Property Collateral”** means, collectively, the Copyright Collateral, the Patent Collateral, the Trademark Collateral and the Trade Secrets Collateral;

(f) **“Loan Agreement”** is defined in the first recital;

- (g) **“Patent Collateral”** means:
- (i) all letters patent and applications for letters patent throughout the world, including all patent applications in preparation for filing anywhere in the world;
  - (ii) all reissues, divisions, continuations, continuations-in-part, extensions, renewals and re-examinations of any of the items described in clause (i);
  - (iii) all patent licences and other agreements providing an Obligor with the right to use any of the items of the type referred to in clauses (i) and (ii);
  - (iv) the right to sue third parties for past, present or future infringements of any patent or patent application, and for breach or enforcement of any patent licence; and
  - (v) all proceeds of, and rights associated with, the foregoing (including licence royalties and proceeds of infringement suits), and all rights corresponding thereto throughout the world;
- (h) **“Secured Obligations”** means in respect of each Obligor, all indebtedness, liabilities and other obligations of such Obligor to the Lender arising under the Loan Documents to which such Obligor is a party, in each case, direct or indirect, matured or not and any unpaid balance thereof;
- (i) **“Trademark Collateral”** means:
- (i) all trademarks, trade names, corporate names, company names, business names, fictitious business names, trade dress, service marks, logos, other source of business identifiers, prints and labels on which any of the foregoing have appeared or appear and designs (all of the foregoing items in this clause (i) being collectively called a **“Trademark”**), now existing anywhere in the world or hereafter adopted or acquired, whether currently in use or not, all registrations and recordings thereof and all applications in connection therewith, whether pending or in preparation for filing, including registrations, recordings and applications in the Trade-marks Branch of the Canadian Intellectual Property Office or in any office or agency of Canada or any Province thereof or any foreign country, and all reissues, extensions or renewals thereof;
  - (ii) all Trademark licences and other agreements providing any Obligor with the right to use any items of the type described in clause (i), including each Trademark licence referred to in Item B of Schedule I attached hereto;
  - (iii) all of the goodwill of the business connected with the use of, and symbolized by, the items described in clause (i);

- (iv) the right to sue third parties for past, present and future infringements of any Trademark Collateral described in clauses (i) and (ii); and
  - (v) all proceeds of, and rights associated with, the foregoing, including any claim by any Obligor against third parties for past, present or future infringement or dilution of any Trademark, Trademark registration or Trademark licence, including any Trademark, Trademark registration or Trademark licence referred to in Item A and Item B of Schedule I attached hereto, or for any injury to the goodwill associated with the use of any such Trademark or for breach or enforcement of any Trademark licence and all rights corresponding thereto throughout the world;
- (j) **“Trade Secrets Collateral”** means all common law and statutory trade secrets and all other confidential or proprietary or useful information (to the extent such confidential, proprietary or useful information is protected by an Obligor against disclosure and is not readily ascertainable) and all know-how obtained by or used in or contemplated at any time for use in the business of an Obligor (all of the foregoing being collectively called a **“Trade Secret”**), whether or not such Trade Secret has been reduced to a writing or other tangible form, including all documents and things embodying, incorporating or referring in any way to such Trade Secret, all Trade Secret licences, and including the right to sue for and to enjoin and to collect damages for the actual or threatened misappropriation of any Trade Secret and for the breach or enforcement of any such Trade Secret licence.
3. The fixed and specific mortgages and charges and the security interest granted under this Agreement secure payment and performance of all Secured Obligations.
4. Each Obligor hereby represents and warrants to the Lender as at the date of this Agreement and as at the date of the acquisition by an Obligor of Collateral (including any acquisition of Collateral after the date hereof) that:
- (a) such Obligor is: (i) duly incorporated, organized or formed and validly existing under the laws of the jurisdiction of incorporation, organization or formation; and (ii) registered or qualified to carry on business in the Province of Ontario and in each other jurisdiction in which it carries on business or owns, leases or operates Property, except, in the case of any such other jurisdiction, where failure to be so registered or qualified would not reasonably be expected to result in a Material Adverse Effect;
  - (b) such Obligor has the corporate, partnership or other constitutional power and capacity to own and operate its business, to enter into this Agreement and to do all acts and things as are required or contemplated hereunder or thereunder to be done, observed and performed by it;
  - (c) such Obligor has taken all necessary corporate and other action to authorize the execution, delivery and performance of this Agreement;



- (d) this Agreement constitutes, or upon execution and delivery will thereupon and thereafter constitute, a valid and binding obligation of such Obligor, enforceable against it in accordance with its terms;
- (e) the security interest created by this Agreement, once properly perfected in accordance with Applicable Law, will be a valid first ranking security interest in the Collateral, subject to Permitted Liens;
- (f) the address of such Obligor's chief executive office, registered office and principal place of business where it keeps its records respecting the Receivables is that given at the end of this Agreement (except as updated from time to time in accordance with the terms of the Loan Agreement); and
- (g) such Obligor has not granted "control" (within the meaning of such term under the STA) over any investment property forming part of the Collateral to any Person other than the Lender.

5. So long as any portion of the Secured Obligations shall remain unpaid or the Lender shall have any outstanding Commitment, each Obligor covenants with the Lender that it will comply with or perform, or cause to be complied with or performed, the following obligations:

- (a) such Obligor shall keep and maintain all Collateral owned by such Obligor, in good working order and condition, ordinary wear and tear excepted, as would a prudent owner of comparable Collateral, except where failure to do so would not reasonably be expected to have a Material Adverse Effect;
- (b) such Obligor shall keep adequate records and books of account with respect to the Collateral in accordance with GAAP in which accurate and complete entries shall be made in accordance with GAAP reflecting all transactions reflected by GAAP;
- (c) such Obligor shall, upon request by the Lender, execute and deliver all such financing statements, certificates, further assignments and documents and do all such further acts and things as may be necessary and reasonably requested by the Lender to give effect to the intent of this Agreement;
- (d) upon the request of the Lender, such Obligor shall deliver to the Lender possession of all originals of all negotiable documents, instruments and chattel paper owned or held by such Obligor (duly endorsed in blank, if requested by the Lender);
- (e) if an Event of Default shall have occurred and be continuing, at the written direction of the Lender, all proceeds of Collateral received by such Obligor shall be delivered in kind to the Lender to be distributed in accordance with the Loan Agreement;
- (f) such Obligor shall not, unless such Obligor shall reasonably and in good faith determine that any of the Intellectual Property is not material to the business of

such Obligor and has negligible economic value, intentionally do any act, or omit to do any act, whereby any of the Intellectual Property may lapse or become abandoned, dedicated to the public, placed in the public domain, invalid or unenforceable, as the case may be; and

- (g) such Obligor shall ensure that the representations and warranties set forth in Section 4 hereof will be true and correct at all times.

6. Following the occurrence of an Event of Default which is continuing that has not been waived or cured, subject to the terms of the Loan Agreement (i) the Lender may notify any parties obligated on any of the Collateral to make any payment to the Lender of any amounts due or to become due thereunder and enforce collection of any of the Collateral by suit or otherwise and surrender, release, or exchange all or any part thereof, or compromise or extend or renew for any period (whether or not longer than the original period) any indebtedness thereunder or evidenced thereby, (ii) upon written request of the Lender, each Obligor will, at its own expense, notify any parties obligated on any of the Collateral to make any payment to the Lender of any amounts due or to become due thereunder, and (iii) any payment or other proceeds received by an Obligor from any party obligated on any of the Collateral shall be held by such Obligor in trust for the Lender and paid over to the Lender on request.

7. Each Obligor agrees that, forthwith upon request by the Lender, from time to time at its own expense, each Obligor will promptly execute and deliver all further instruments and documents, and take all further action, that may be necessary and reasonably requested by the Lender in order to perfect, preserve and protect any mortgages, charges and security interest granted or granted hereby or to enable the Lender to exercise and enforce its rights and remedies hereunder with respect to any Collateral. Without limiting the generality of the foregoing, each Obligor will:

- (a) if reasonably requested by the Lender, mark conspicuously each chattel paper included in the Receivables with a legend, in form and substance satisfactory to the Lender, indicating that such document or chattel paper is subject to the security interest granted hereby;
- (b) if reasonably requested by the Lender, if any Receivable shall be evidenced by a promissory note or other instrument, negotiable document of title or chattel paper, deliver and pledge to the Lender hereunder such promissory note, instrument, negotiable document of title or chattel paper duly endorsed and accompanied by duly executed instruments of transfer or assignment, all in form and substance satisfactory to the Lender;
- (c) execute and file such financing or financing change statements, or amendments thereto, and such other instruments or notices, as may be necessary and reasonably requested by the Lender in order to perfect and preserve the security interests and other rights granted or purported to be granted to the Lender hereby;
- (d) furnish to the Lender, from time to time at the Lender's reasonable request, statements and schedules further identifying and describing the Collateral and

such other reports in connection with the Collateral as the Lender may reasonably request, all in reasonable detail;

- (e) after and during the continuance of an Event of Default, direct the issuer of any certificated securities included in or relating to the Collateral as the Lender may specify in its request to register the applicable security certificate in the name of the Lender or such nominee as it may direct,
- (f) after and during the continuance of an Event of Default, direct the issuer of any uncertificated securities included in or relating to the Collateral as the Lender may specify in its request to register in the books and records of such issuer the Lender or such nominee as it may direct as the registered owner of the uncertificated security; and
- (g) after and during the continuance of an Event of Default, direct the securities intermediary for any security entitlements in respect of financial assets deposited in or credited to a securities account included in or relating to the Collateral as the Lender may specify in its request to transfer any or all of the financial assets to which such security entitlements relate as the Lender may specify,

and the Lender will be entitled but not bound or required to exercise any of the rights that any holder of the above may at any time have. The Lender will not be responsible for any loss occasioned by its exercise of such rights or by failure to exercise the same within the time limited for the exercise thereof other than any loss resulting from the gross negligence or wilful misconduct of the Lender.

With respect to the foregoing and the grant of the security interest hereunder, each Obligor hereby authorizes the Lender to file one or more financing or financing change statements, and amendments thereto, relative to all or any part of the Collateral without the signature of an Obligor where permitted by Applicable Law and, to the extent permitted by Applicable Law, waives all rights to receive from the Lender a copy of any financing statement, financing change statement, or verification statement, filed or issued at any time in respect of this Agreement. The Lender will provide notice to the applicable Obligor of the filing of financing or financing change statements and amendments thereto.

8. Upon an Obligor's failure to perform any of its duties hereunder the Lender may, but shall not be obliged to, perform any or all of such duties, without waiving any rights to enforce this Agreement, and such Obligor shall pay to the Lender, forthwith upon written demand therefor, an amount equal to the reasonable costs, fees and expenses incurred by the Lender in so doing plus interest thereon from the date such costs, fees and expenses are incurred until paid at the rate or rates set out in the Loan Agreement.

9. Upon the occurrence of an Event of Default that is continuing that has not been waived or cured and subject to the Loan Agreement, the security hereby granted shall immediately become enforceable and the Lender may, in its sole discretion, forthwith or at any time thereafter:

- (a) declare any or all of the Secured Obligations not then due and payable to be immediately due and payable and, in such event, such Secured Obligations shall be forthwith due and payable to the Lender without presentment protest or notice of dishonour;
- (b) commence legal action to enforce payment or performance of the Secured Obligations;
- (c) require the Obligors to disclose to the Lender the location or locations of the Collateral and each Obligor agrees to make such disclosure when so required by the Lender;
- (d) require each Obligor, at such Obligor's sole expense, to assemble the Collateral and deliver or make the Collateral available at a place or places designated by the Lender to such Obligor that is reasonably convenient for such Obligor, and such Obligor agrees to so assemble, deliver or make available the Collateral;
- (e) enter any premises where the Collateral may be situate and take possession of the Collateral by any method permitted by Applicable Law;
- (f) repair, process, modify, complete or otherwise deal with the Collateral and prepare for the disposition of the Collateral, whether on the premises of an Obligor or otherwise and take such steps as it considers necessary to maintain, preserve or protect the Collateral;
- (g) seize, collect, realize or dispose of the Collateral by private sale, public sale, lease, or otherwise upon such terms and conditions as the Lender may determine or otherwise deal with the Collateral or any part thereof in such manner, upon such terms and conditions and of such times as may seem to the Lender advisable;
- (h) subject to any required approval of any Governmental Authority, carry on all or any part of the business or businesses of each Obligor and may, to the exclusion of all others, enter upon, occupy and use all or any of such premises, buildings, plant, undertaking and other property of or used by each Obligor as part of or for such time and in such manner as the Lender sees fit, free of charge, and the Lender shall not be liable to the Obligors for any act, omission, or negligence (other than gross negligence or wilful misconduct) in so doing or for any rent, charges, depreciation, damages or other amount in connection therewith or resulting therefrom and any sums expended by the Lender shall bear interest at the rate or rates set out in the Loan Agreement;
- (i) file such proofs of claim or other documents as may be necessary or desirable to have its claim lodged in any bankruptcy, winding-up, liquidation, dissolution or other proceedings (voluntary or otherwise) relating to an Obligor;
- (j) borrow money for the purpose of carrying on the business of an Obligor or for the maintenance, preservation or protection of the Collateral and mortgage, charge,

pledge or grant a security interest in the Collateral, whether or not in priority to the security created herein, to secure repayment of any money so borrowed;

- (k) where the Collateral has been disposed of by the Lender as provided in Section 9(g) commence legal action against an Obligor for any deficiency;
- (l) pay or discharge any Lien (other than the Permitted Encumbrances) or claims by any Person in the Collateral and the amount so paid shall be added to the Secured Obligations and secured hereby and shall bear interest at the highest rate of interest charged by the Lender at that time in respect of any of the Secured Obligations until payment thereof;
- (m) take any other action, suit, remedy or proceeding authorized or permitted by this Agreement, the PPSA or by Applicable Law or equity;
- (n) to the extent permitted by Applicable Law, transfer any securities forming part of the Collateral into the name of the Lender or its nominee, with or without disclosing that the securities are subject to a security interest and cause the Lender or its nominee to become the entitlement holder with respect to any security entitlements forming part of the Collateral; and
- (o) sell, transfer or use any investment property included in the Collateral of which the Lender or its agent has "control" within the meaning of Section 22.1(2) of the PPSA.

10. Where required to do so by the PPSA or other Applicable Law, the Lender shall give to the applicable Obligor the written notice required by the PPSA or other Applicable Law of any intended disposition of the Collateral.

11. Any notice or communication to be given under this Agreement to an Obligor or the Lender shall be effective if given in accordance with the provisions of the Loan Agreement as to the giving of notice to each, and the Obligors and the Lender may change their respective address for notices in accordance with the said provisions.

12. If the Lender is entitled to exercise its rights and remedies in accordance with Section 9 hereof, the Lender may take proceedings in any court of competent jurisdiction for the appointment of a receiver (which term shall include a receiver and manager) (each herein referred to as a "**Receiver**") of the Collateral or may by appointment in writing appoint any Person to be a Receiver of the Collateral and may remove any Receiver so appointed by the Lender and appoint another in its stead; and any such Receiver appointed by instrument in writing shall have powers of the Lender set out in Sections 9(b) to (l), inclusive, including, without limitation, the power (i) to take possession of the Collateral, (ii) to carry on the business of each Obligor, (iii) to borrow money required for the maintenance, preservation or protection of the Collateral or for the carrying on of the business of each Obligor on the security of the Collateral in priority to the security interest created under this Agreement, and (iv) to sell, lease or otherwise dispose of the whole or any part of the Collateral at public auction, by public tender or by private sale, either for cash or upon credit, at such time and upon such terms and conditions as the Receiver may determine; provided that, to the extent permitted and in the manner

prescribed by law any such Receiver shall be deemed the agent of the Obligors and the Lender shall be in any way responsible for any misconduct or negligence of any such Receiver.

13. Any proceeds of any disposition of any Collateral may be applied by the Lender to the payment of reasonable expenses incurred in connection with retaking, holding, repairing, processing, preparing for disposition and disposing of the Collateral (including the remuneration of any Receiver appointed pursuant to Section 12, solicitor's fees on a solicitor and client full indemnity basis and legal expenses and any other expenses), and any balance of such proceeds may be applied by the Lender towards the payment of the Secured Obligations in such order of application as the Lender may from time to time elect, subject to the provisions of the Loan Agreement. All such expenses and all amounts borrowed on the security of the Collateral under Sections 9 and 12 hereof shall bear interest at the rate or rates set out in the Loan Agreement. If the disposition of the Collateral fails to satisfy the Secured Obligations and the expenses incurred by the Lender, each Obligor shall be liable to pay any deficiency to the Lender on demand.

14. Subject to Applicable Law, the Lender is authorized, in connection with any offer or sale of any securities forming part of the Collateral, to comply with any limitation or restriction as it may be advised by counsel is necessary to comply with Applicable Law, including compliance with procedures that may restrict the number of prospective bidders and purchasers, requiring that prospective bidders and purchasers have certain qualifications and restricting prospective bidders and purchasers to Persons who will represent and agree that they are purchasing for their own account or investment and not with a view to the distribution or resale of such securities. Subject to Applicable Law, the Lender will not be liable or accountable to an Obligor for any discount allowed by reason of the fact that such securities are sold in compliance with any such limitation or restriction.

15. Each Obligor further agrees that:

- (a) such Obligor shall not be discharged by any extension of time, additional advances, renewals and extensions, the taking of further security, releasing security, extinguishment of the security interest as to all or any part of the Collateral, or any other act except a release or discharge of the security interest upon the full payment of the Secured Obligations including reasonable charges, expenses, fees, costs and interest;
- (b) any failure by the Lender to exercise any right set out in this Agreement shall not constitute a waiver thereof; nothing in this Agreement or in the Secured Obligations shall preclude any other remedy by action or otherwise for the enforcement of this Agreement or the payment in full of the Secured Obligations;
- (c) the Lender may waive, in whole or in part, any breach by such Obligor of any of the provisions of this Agreement, any default by such Obligor in payment or performance of any of the Secured Obligations or any of its rights and remedies, whether provided for herein or otherwise, provided that no such waiver shall be effective unless given by the Lender to such Obligor in writing;

- (d) no waiver given in accordance with Section 15(c) shall be a waiver of any other or subsequent breach by such Obligor of any of the provisions of this Agreement, of any other or subsequent default by such Obligor in payment or performance of any of the Secured Obligations or any of the rights and remedies of the Lender, whether provided for herein or otherwise;
- (e) all rights of the Lender hereunder shall be assignable to the extent permitted under the Loan Agreement;
- (f) the Lien created by this Agreement is intended to attach when this Agreement is signed by each Obligor with respect to all items of Collateral in which each Obligor has rights at that moment, and shall attach to all other Collateral immediately upon an Obligor acquiring any rights therein; and
- (g) value has been given;
- (h) the *Land Contract (Actions) Act* (Saskatchewan) shall have no application to any action, as defined in that Act, with respect to this Agreement; and
- (i) the *Limitation of Civil Rights Act* (Saskatchewan) shall have no application to this Agreement or any agreement renewing, extending or collateral to this Agreement.

16. Each Obligor acknowledges having received an executed copy of this Agreement and of the financing statement registered under the PPSA evidencing the security interest created hereby.

17. Upon the occurrence of an Event of Default which is continuing, each Obligor hereby irrevocably constitutes and appoints the Lender and each of its officers holding office from time to time as the true and lawful attorney of such Obligor with power of substitution in the name of such Obligor, to do any and all such acts and things or execute and deliver all such agreements, documents and instruments as the Lender, in its sole discretion, considers necessary or desirable to carry out the provisions and purposes of this Agreement or to exercise any of its rights and remedies hereunder, and to do all acts or things necessary to realize or collect the proceeds, including, without limitation:

- (a) to ask, demand, collect, sue for, recover, compromise, receive and give acquittance and receipts for moneys due and to become due under or in respect of any of the Collateral;
- (b) to receive, endorse, and collect any drafts or other instruments, documents and chattel paper, in connection with clause (a) above;
- (c) to file any claims or take any action or institute any proceedings which the Lender may reasonably deem necessary or desirable for the collection of any of the Collateral or otherwise to enforce the rights of the Lender with respect to any of the Collateral; and
- (d) to perform the affirmative obligations of such Obligor hereunder.

Each Obligor hereby acknowledges, consents and agrees that the power of attorney granted pursuant to this Section is irrevocable (until termination of the security interest hereunder) and coupled with an interest. Each Obligor hereby ratifies and agrees to ratify all acts of any such attorney taken or done in accordance with this Section. The Lender agrees that it shall not exercise the power of attorney granted pursuant to this Section 17 unless an Event of Default has occurred and is continuing.

18. The powers conferred on the Lender hereunder are solely to protect its interests in the Collateral and shall not impose any duty on the Lender to exercise any such powers. Except for reasonable care of any Collateral in its possession and the accounting for moneys actually received by it hereunder, the Lender shall have no duty as to any Collateral or as to the taking of any necessary steps to preserve rights against prior parties or any other rights pertaining to any Collateral.

19. Notwithstanding any other term or condition of this Agreement, this Agreement shall not relieve the Obligors or any other party to any of the Collateral from the observance or performance of any term, covenant, condition or agreement on its part to be observed or performed thereunder or from any liability to any other party or parties thereto or impose any obligation on the Lender to observe or perform any such term, covenant, condition or agreement to be so observed or performed, and each Obligor hereby agrees to indemnify and hold harmless the Lender from and against any and all losses, liabilities (including liabilities for penalties), costs and expenses which may be incurred by the Lender in connection with the Collateral and from all claims, alleged obligation or undertaking on its part to observe, perform or discharge any of the terms, covenants and agreements contained in the Collateral. The Lender may, at its option, perform any term, covenant, condition or agreement on the part of an Obligor to be performed under or in respect of the Collateral (and/or enforce any of the rights of an Obligor in respect thereof) without thereby waiving any rights to enforce this Agreement. Nothing contained in this Section 19 shall be deemed to constitute the Lender the mortgagee in possession of the Collateral or the lessee under any lease or agreement to lease unless the Lender has agreed to become such mortgagee in possession or to be a lessee.

20. All rights of the Lender hereunder shall enure to the benefit of its respective successors and permitted assigns, provided that the Lender shall not be entitled to transfer or assign any of its right, title or interest in, to, or arising under this Agreement except in accordance with the provisions governing assignment contained in the Loan Agreement and all obligations of each Obligors hereunder shall bind such Obligors and its successors and assigns.

21. Each Obligor, as applicable, acknowledges and agrees that in the event it amalgamates with any other corporation or corporations, it is the intention of the parties hereto that the security interest created hereby (i) shall extend to "Collateral" (as that term is herein defined) owned by each of the amalgamating corporations and the amalgamated corporation at the time of amalgamation and to any "Collateral" thereafter owned or acquired by the amalgamated corporation, such that the term the "Obligors" when used herein would apply to each of the amalgamating corporations and the amalgamated corporation and (ii) shall secure the "Secured Obligations" (as that term is herein defined) of each of the amalgamating corporations and the amalgamated corporation to the Lender at the time of amalgamation and any "Secured Obligations" of the amalgamated corporation to the Lender thereafter arising. The security



interest shall attach to the additional "Collateral" at the time of amalgamation and to any "Collateral" thereafter owned or acquired by the amalgamated corporation when such becomes owned or is acquired.

22. Except as otherwise specifically provided, 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. Each Obligor agrees that any suit, action or proceeding arising out of or relating to this Agreement against it or any of its assets may be brought in any court of the Province of Ontario and the parties hereto hereby irrevocably and unconditionally attorn and submit to the non-exclusive jurisdiction of such court over the subject matter of any such suit, action or proceeding. Each Obligor irrevocably waives and agrees not to raise any objection it might now or hereafter have to any such suit, action or proceeding in any such court including, without limitation, any objection that the place where such court is located is an inconvenient forum or that there is any other suit, action or proceeding in any other place relating in whole or in part to the same subject matter. Each Obligor agrees that any judgment or order in any such suit, action or proceeding brought in such a court shall be conclusive and binding upon it and consents to any such judgment or order being recognized and enforced in the courts of its jurisdiction of incorporation or any other courts, by registration or homologation of such judgment or order, by a suit, action or proceeding upon such judgment or order, or any other means available for enforcement of judgments or orders. Nothing in this Section shall restrict the bringing of any such suit, action or proceeding in the courts of any other jurisdiction.

23. In the event of any conflict between the provisions hereunder and the provisions of the Loan Agreement then, notwithstanding anything contained in this Agreement, the provisions contained in the Loan Agreement shall prevail and the provisions of this Agreement will be deemed to be amended to the extent necessary to eliminate such conflict. If any act or omission of an Obligor is expressly permitted under the Loan Agreement but is expressly prohibited hereunder, such act or omission shall be permitted. If any act or omission is expressly prohibited hereunder, but the Loan Agreement does not expressly permit such act or omission, or if any act is expressly required to be performed hereunder but the Loan Agreement does not expressly relieve an Obligor from such performance, such circumstance shall not constitute a conflict between the applicable provisions hereunder and the provisions of the Loan Agreement.

24. This Agreement and the security interest, assignment and mortgage and charge granted hereby are in addition to and not in substitution for any other security now or hereafter held by the Lender and this Agreement is a continuing agreement and security that will remain in full force and effect until discharged by the Lender.

25. The Obligors will not be discharged from this Agreement except upon satisfaction in full of all Secured Obligations and termination of all Commitments and at the expense of the Obligors, the Lender will execute and deliver to the Obligors such releases and discharges as the Obligors may reasonably require.

26. Notwithstanding the provisions of Sections 24 and 25 hereof, this Agreement shall be reinstated if at any time following the termination of this Agreement under Section 24 or 25 hereof, the performance by the Obligors hereunder or under any other Loan Document is set

aside upon the insolvency, bankruptcy, reorganization, dissolution or liquidation of an Obligor or otherwise. Such period of reinstatement shall continue until satisfaction of the conditions contained in, and shall continue to be subject to, the provisions of Sections 24, 25 and 26 hereof.

27. If any provision of this Agreement is determined to be invalid or unenforceable in whole or in part, such invalidity or unenforceability shall attach only to such provision or part thereof and the remaining part of such provision and all other provisions hereof shall continue in full force and effect.


28. Each Obligor hereby waives the right to receive a copy of any financing statement or financing change statement, or any statement issued by any registry that confirms the registration of a financing statement or financing change statement, relating to this Agreement, the Loan Agreement or any other agreement between an Obligor and the Lender or any of them.

29. This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts (including by telecopy or PDF), and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

**[Signature page follows]**

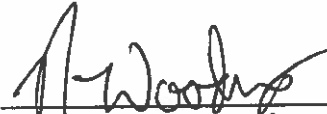
IN WITNESS WHEREOF the parties have executed this Agreement as of the first date set out above.

**JAMES E. WAGNER CULTIVATION CORPORATION, as an Obligor**

By:   
Name: NATHAN WOODWORTH  
Title: PRESIDENT


By: \_\_\_\_\_  
Name:  
Title:

**JAMES E. WAGNER CULTIVATION LTD., as an Obligor**

By:   
Name: NATHAN WOODWORTH  
Title: PRESIDENT

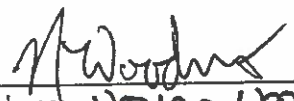
By: \_\_\_\_\_  
Name:  
Title:

**JWC 1 LTD., as an Obligor**

By:   
Name: NATHAN WOODWARD  
Title: PRESIDENT

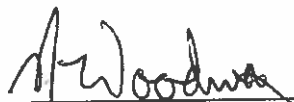
By: \_\_\_\_\_  
Name:  
Title:

**JWC 2 LTD., as an Obligor**

By:   
Name: NATHAN WOODWARD  
Title: PRESIDENT

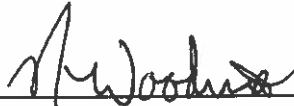
By: \_\_\_\_\_  
Name:  
Title:

**JWC SUPPLY LTD., as an Obligor**

By:   
Name: NATHAN WOODWARD  
Title: PRESIDENT

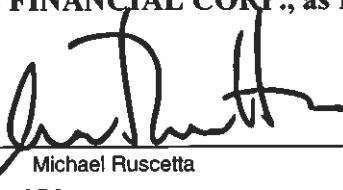
By: \_\_\_\_\_  
Name:  
Title:

**GROWTHSTORM INC., as an Obligor**

By:   
Name: NATHAN WOODWARD  
Title: PRESIDENT

By: \_\_\_\_\_  
Name:  
Title:

**TRICHOME FINANCIAL CORP., as Lender**

By:   
Name: Michael Ruscetta  
Title: CEO

By: \_\_\_\_\_  
Name:  
Title:

**SCHEDULE I**  
**to**  
**GENERAL SECURITY AGREEMENT**

**Item A. Trademarks & Pending Trademark Applications**

<b>Trade Mark</b>	<b>Serial No.</b>	<b>Filing Date</b>	<b>Status</b>
Tempest Trimmer	1909674	2018-07-16	Formalized
GROWTHSTORM	1867310	2017-11-10	Searched
JAMES E. WAGNER CULTIVATION & Design	1867687	2017-11-14	Searched
JWC & Leaf Design	1867688	2017-11-14	Searched
GrowthSTORM Dual Droplet	1943261	2019-01-29	Formalized

**Item B. Trademark Licences**

Nil.

**Item C. Patents & Pending Patent Applications**

Nil.

**Item D. Copyrights & Pending Copyright Applications**

Nil.

**Item E. Trade Secrets**

Nil.

**Item F. Industrial Designs**

Nil.

## **OMNIBUS ASSIGNMENT OF MATERIAL AGREEMENTS**

**THIS OMNIBUS ASSIGNMENT OF MATERIAL AGREEMENTS** (as amended, modified, supplemented, restated or replaced from time to time, this “**Agreement**”), dated as of February 19, 2019, made by James E. Wagner Cultivation Corporation, a corporation formed under the laws of the Province of Ontario (the “**Borrower**”), James E. Wagner Cultivation Ltd., a corporation formed under the laws of the Province of Ontario (“**JWC Ltd.**”), JWC 1 Ltd., a corporation formed under the laws of the Province of Ontario, JWC 2 Ltd., a corporation formed under the laws of the Province of Ontario, JWC Supply Ltd., a corporation formed under the laws of the Province of Ontario, and GrowthStorm Inc., a corporation formed under the laws of the Province of Ontario, (“**GrowthStorm**” together with the Borrower, JWC Ltd., JWC 1 Ltd., JWC 2 Ltd., JWC Supply Ltd. and any of their successors, by amalgamation or otherwise, and permitted assigns, the “**Assignors**” and each an “**Assignor**”), in favour of Trichome Financial Corp., as lender (together with any successor thereto in such capacity, the “**Lender**”) under the Loan Agreement (as defined below).

### **WITNESSETH:**

**WHEREAS** pursuant to a loan agreement dated as of the date hereof (together with all amendments, modifications, supplements, restatements or replacements, if any, from time to time thereafter made thereto, the “**Loan Agreement**”), the Lender, the Borrower, and each Assignor, as guarantors, the Lender has agreed to advance the Loan to the Borrower;

**AND WHEREAS**, as a condition precedent to the making of the Loan under the Loan Agreement, the Assignors are required to execute and deliver this Agreement as continuing collateral security;

**AND WHEREAS** the Assignors have duly authorized the execution, delivery and performance of this Agreement;

**NOW THEREFORE** for good and valuable consideration the receipt of which is hereby acknowledged, and in order to induce the Lender to advance the Loan to the Borrower pursuant to the Loan Agreement, the Assignors agree, for the benefit of the Lender, as follows:

### **ARTICLE 1 DEFINITIONS**

#### **1.1 Certain Terms.**

The following terms when used in this Agreement, including its preamble and recitals, shall have the following meanings (such definitions to be equally applicable to the singular and plural forms thereof):

“**Agreement**” is defined in the preamble.

“**Assigned Agreements**” means each of the agreements and contracts listed in Schedule A attached hereto.



“Assignor” is defined in the preamble.

“Loan Agreement” is defined in the first recital.

“Secured Obligations” means all indebtedness, liabilities and other obligations of the Assignors to the Lender or any of them arising under the Loan Documents to which they are each a party, in each case, direct or indirect, matured or not and any unpaid balance thereof.

## **1.2 Loan Agreement Definitions.**

Unless otherwise defined herein or the context otherwise requires, capitalized terms used in this Agreement, including its preamble and recitals, have the meanings ascribed thereto in the Loan Agreement.

## **1.3 PPSA Definitions.**

Unless otherwise defined herein or in the Loan Agreement or the context otherwise requires, terms for which meanings are provided in the *Personal Property Security Act* (Ontario) (as amended, re-enacted or replaced from time to time (the “PPSA”)) are used in this Agreement, including its preamble and recitals, with such meanings.

## **ARTICLE 2 ASSIGNMENT, ETC.**

### **2.1 Assignment.**

Upon and subject to the terms, conditions and provisions herein contained, each Assignor hereby unconditionally and irrevocably grants, as a general and continuing security for the payment and performance of the Secured Obligations, a security interest in and assigns by way of security to and in favour of the Lender for its own benefit, as and by way of a fixed and specific assignment by way of security and security interest in all of its right, title, estate and interest in, to, under and in respect of:

- (a) each of the Assigned Agreements, and all benefits, powers and advantages of such Assignor to be derived therefrom and all covenants, obligations and agreements of the parties thereunder and otherwise to enforce the rights of such Assignor thereunder in the name of such Assignor;
- (b) all deeds, documents, writings, papers, books, books of account and other records relating to any Assigned Agreement;
- (c) all revenues and other moneys now due and payable or hereafter to become due and payable to such Assignor thereunder or in connection therewith by the other parties to any Assigned Agreement or receivable by such Assignor pursuant to or in connection with any Assigned Agreement; and
- (d) the benefit of any guarantees or indemnities relating to any of the foregoing,

and in, to and under all amendments, modifications, extensions and replacements of the foregoing, to be held by the Lender as general and continuing security for the payment and satisfaction of all Secured Obligations of the Assignors whether for principal, interest, costs, fees, expenses or otherwise; provided, however, that if the assignment by the Assignors hereunder of any of the Assigned Agreements, (i) requires the consent of any Person which has not been obtained, (ii) requires the Lender to provide any notice or acknowledgement to the other party to any of the Assigned Agreements in order for such assignment to take place, or (iii) would result in a breach by the Assignors of any of the Assigned Agreements or termination thereof, then such Assigned Agreement(s) will be held in trust by such Assignor for the benefit of the Lender, and on the exercise by the Lender of any of its rights under this Agreement, will be assigned by such Assignor as directed by the Lender.

## **2.2 Performance of Secured Obligations.**

Each Assignor covenants to observe in all material respects and where reasonable in their determination enforce the terms, covenants, conditions and obligations to be observed and enforced by such Assignor pursuant to the Assigned Agreements.

## **2.3 Attachment.**

Each Assignor hereby acknowledges and agrees that value has been given, that such Assignor has rights in the Assigned Agreements existing as of the date hereof and that the security interest granted hereby will attach when the Assignors sign and deliver this Agreement.

## **2.4 No Liability.**

Nothing herein contained shall render the Lender, its respective agents, directors, officers, employees or any other Persons for whom the Lender is at law responsible, liable to any Person for the fulfilment or non-fulfilment of the obligations, covenants and agreements, including but not limited to the payment of any moneys thereunder or in respect thereto, of each Assignor under any Assigned Agreement. Notwithstanding the foregoing, each Assignor hereby indemnifies and agrees to save and hold harmless the Lender, its respective agents, directors, officers and employees (any one, an "**Indemnified Party**") from and against any and all claims, demands, actions, causes of action, losses, suits, damages and costs (collectively, the "**Claims**") whatsoever of any Person arising directly or indirectly from or out of any Assigned Agreement, save and except for any Claims arising from the gross negligence or willful misconduct of any Indemnified Party.

This indemnity addresses claims in connection with the Assigned Agreements specifically.

## **2.5 Notice; Registration.**

After the occurrence of an Event of Default that is continuing, the Lender shall have the right to serve this Agreement or notice thereof on any party to any Assigned Agreement.

## **2.6 Dealing with the Assigned Agreements.**

Subject to the rights of the Lender herein and in any other Loan Document, until the occurrence of an Event of Default which is continuing, each Assignor shall be entitled to deal with any Assigned Agreement and to enforce all of the benefits, advantages and power thereunder and to collect and receive all monies payable to such Assignor under or in connection with any Assigned Agreement in the ordinary course of its business and the other parties to any Assigned Agreement shall be entitled to deal solely with such Assignor with respect to all matters relating to the Assigned Agreements, all as though this Agreement had not been made (subject to any irrevocable direction given in respect of any such monies after the occurrence of an Event of Default which is continuing and provided that all such monies received by such Assignor will continue to be subject to the security interest granted hereby and provided further that all money received by such Assignor pursuant to any Assigned Agreement will, after the occurrence of and Event of Default which is continuing, be received as trustee for the Lender and must be held separate and apart from other money of such Assignor and must be paid over to the Lender upon request) and to enforce all of the benefits, advantages and powers thereunder as though this Agreement had not been made.

## **2.7 Assignment, Pledging, Encumbrance.**

Each Assignor covenants and agrees that they will not at any time during the term of this Agreement assign, pledge or encumber any Assigned Agreement, other than to the Lender or other than as permitted under the Loan Agreement.

# **ARTICLE 3 REPRESENTATIONS AND COVENANTS**

## **3.1 Representations.**

Each Assignor represents and warrants to the Lender that:

- (a) as at the date hereof, each of the Assigned Agreements constitutes the entire agreement between such Assignor and each of the other parties thereto in respect of the matters contemplated therein; and
- (b) such Assignor has not granted to any other person (other than to or for the benefit of the Lender or as permitted pursuant to the Loan Agreement) rights in respect of each of the Assigned Agreements which is to the same effect as any of the rights granted herein.

## **3.2 Further Assurances.**

Each Assignor hereby covenants and agrees with the Lender that it shall from time to time and at all times hereafter upon written request so to do, make, do, execute and deliver or cause to be made, done, executed and delivered all such further acts, deeds, assurances and things as may be reasonably required by the Lender for more effectually implementing and carrying out the true intent and meaning of this Agreement.

## **ARTICLE 4 EVENT OF DEFAULT**

### **4.1 Rights of Lender Upon an Event of Default.**

Whenever an Event of Default shall have occurred and is continuing under the Loan Agreement, without limiting the rights of the Lender under or pursuant to this Agreement, the Loan Agreement, any other Loan Document or any other security provided by each Assignor to the Lender pursuant to or in connection with the Loan Agreement or otherwise provided by Applicable Law, the Lender is irrevocably appointed as each Assignor's attorney-in-fact and shall have the full authority by itself or through its agents (including, without limitation, any receiver or receiver and manager) to take any action and to execute any instrument which the Lender may reasonably deem necessary or advisable to accomplish the purposes of this Agreement, including without limitation:

- (a) to renew, amend or otherwise deal with (including without limitation, the authority to demand, sue for, recover, receive and give receipts for all revenue or other moneys in connection with) any Assigned Agreement on such terms as it may deem appropriate;
- (b) to perform, at such Assignor's expense, any and all obligations or covenants of such Assignor under any Assigned Agreement and to enforce performance by the other party to any Assigned Agreement of its respective obligations, covenants and agreements thereunder;
- (c) without limiting the generality of Section 4.1(a) hereof, to deal with any Assigned Agreement to the same extent as such Assignor could do;
- (d) to take possession of and collect any amounts which may become payable to such Assignor in respect of any Assigned Agreement and pay therefrom all reasonable expenses and charges, the payment of which may be necessary to preserve and protect any such Assigned Agreement;
- (e) to sell, either by public or private sale, or otherwise dispose of any Assigned Agreement in such manner, upon such terms and conditions, for such consideration and at such time as the Lender may deem expedient and without notice to such Assignor except as required by Applicable Law and without any liability for any loss resulting therefrom;
- (f) to apply any monies received by it in accordance with the terms hereof against the Secured Obligations in any manner contemplated under the Loan Agreement or to hold the same in a separate account for such time as it may see fit and then apply the same as aforesaid, the whole without prejudice to the Lender's claim or claims of or for any deficiency in respect thereof; and
- (g) to compound, compromise, grant extensions, take and give up securities, accept compositions, grant releases and discharges and otherwise deal with the parties to the Assigned Agreements and others, and with the Assigned Agreements and

other securities as the Lender may see fit, without prejudice to the liability of such Assignor or to the Lender's rights to hold and realize upon any Assigned Agreement,

the whole without any liability or responsibility of any kind on the part of the Lender or their respective agents. Each Assignor hereby acknowledges, consents and agrees that the power of attorney granted pursuant to this Section 4.1 is (until termination of the security interest granted hereunder upon the payment and satisfaction in full of all Secured Obligations and the termination of all Commitments) irrevocable and coupled with an interest.

#### **4.2 Exercise of Powers.**

Where any discretionary powers hereunder are vested in the Lender, the same may be exercised by an officer or manager of the Lender or its appointed agents, as the case may be, including, without limitation, any receiver or receiver and manager.

#### **4.3 Dealing with Assigned Agreements.**

The Lender shall not be obliged to exhaust its recourse against each Assignor or any other Person or Persons or against any other security such Assignor may hold in respect of the Secured Obligations before realizing upon or otherwise dealing with the Assigned Agreements in such manner as the Lender may consider desirable at any time when this Agreement shall have become and remain enforceable.

### **ARTICLE 5 GENERAL**

#### **5.1 No Release.**

This Agreement shall remain in full force and effect without regard to, and the obligations of each Assignor shall not be affected or impaired by:

- (a) any amendment, modification, replacement of or addition or supplement to the Loan Agreement, any other Loan Document or any other security provided to the Lender;
- (b) any exercise or non-exercise of any right, remedy, power or privilege in respect of this Agreement, the Loan Agreement, any other Loan Document or any other security provided to the Lender;
- (c) any waiver, consent, extension, indulgence or other action, inaction or admission under or in respect of this Agreement, the Loan Agreement, any other Loan Document or any other security provided to the Lender;
- (d) any default by such Assignor under, or any invalidity or unenforceability of, or any limitation of the liability of such Assignor or on the method or terms of

payment under, or any irregularity or other defect in the Loan Agreement, any other Loan Document or any other security provided to the Lender;

- (e) any merger, consolidation or amalgamation of such Assignor into or with any other Person; or
- (f) any insolvency, bankruptcy, liquidation, reorganization, arrangement, composition, winding-up, dissolution or similar proceeding involving or affecting such Assignor.

## **5.2 No Partnership.**

Nothing herein contained shall be deemed or construed by the parties hereto or by any third party as creating the relationship of partnership or of joint venture among the Assignors and the Lender, it being understood and agreed that none of the provisions herein contained or any acts of any of the Lender or of the Assignors shall be deemed to create any relationship between any of the Lender and the Assignors other than the relationship of assignee and assignor.

## **5.3 Rights and Remedies Cumulative.**

The rights and remedies given to the Lender hereunder shall be cumulative of and not substituted for any rights or remedies to which the Lender may be entitled under the Loan Agreement, any other Loan Document or any other security provided to the Lender pursuant to or in connection with any of the foregoing or at law and may be exercised whether or not the Lender has pursued or is then pursuing any other such rights and remedies. Nothing in this Agreement shall curtail or limit the remedies of the Lender as permitted either by Applicable Law or in any statute to a creditor, all such remedies being in addition to and not in substitution for any other rights of the Lender under this Agreement, the Loan Agreement, any other Loan Document or any other security provided to the Lender pursuant to or in connection with any of the foregoing.

## **5.4 Time of Essence.**

Time shall be of the essence of this Agreement.

## **5.5 Waiver.**

No consent or waiver, express or implied, by the Lender to or of any breach or default by any Assignor in performance of its obligations hereunder shall be deemed or construed to be a consent or waiver to or of any other breach or default in the performance by any Assignor hereunder. Failure on the part of the Lender to complain of any act or failure to act of any Assignor or to declare any Assignor in default, irrespective of how long such failure continues, shall not by itself constitute a waiver by the Lender of its rights hereunder.

## **ARTICLE 6 MISCELLANEOUS PROVISIONS**

### **6.1 Document.**

This Agreement is a Loan Document executed pursuant to the Loan Agreement and shall (unless otherwise expressly indicated herein) be construed, administered and applied in accordance with the terms and provisions thereof.

### **6.2 Amendments, etc.**

No amendment to or waiver of any provision of this Agreement nor consent to any departure by the Assignors herefrom shall in any event be effective unless the same shall be in writing and signed by the Lender, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which it is given.

### **6.3 Protection of Collateral.**

The Lender may in order to cure any material default being committed by the Assignors, at its option, perform any act which such Assignor agrees hereunder to perform and which such Assignor shall fail to perform after being requested in writing so to perform (it being understood that no such request need be given after the occurrence and during the continuance of an Event of Default) and the Lender may from time to time take any other action which the Lender reasonably deems necessary for the maintenance, preservation or protection of any of the assigned rights or of its security interest therein.

### **6.4 Addresses for Notices.**

Any notice or communication to be given under this Agreement to the Lender or the Assignors shall be effective if given in accordance with the provisions of the Loan Agreement as to the giving of notice to each and the Lender and the Assignors may change their respective address for notices in accordance with the said provisions.

### **6.5 Section Captions.**

Section captions used in this Agreement are for convenience of reference only, and shall not affect the construction of this Agreement.

### **6.6 Severability.**

Wherever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under Applicable Law, but if any provision of this Agreement shall be prohibited by or invalid under such law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

## **6.7 Conflicts.**

In the event of any conflict between the provisions hereunder and the provisions of the Loan Agreement then, notwithstanding anything contained herein, the provisions contained in the Loan Agreement shall prevail and the provisions of this agreement will be deemed to be amended to the extent necessary to eliminate such conflict. If any act or omission of the Assignors is expressly permitted under the Loan Agreement but is expressly prohibited hereunder, such act or omission shall be permitted. If any act or omission is expressly prohibited hereunder, but the Loan Agreement does not expressly permit such act or omission, or if any act is expressly required to be performed hereunder but the Loan Agreement does not expressly relieve the Assignors from such performance, such fact shall not constitute a conflict between the applicable provisions hereunder and the provisions of the Loan Agreement.

## **6.8 Governing Law, Entire Agreement, etc.**

This Agreement shall be governed by and construed in accordance with the internal laws of the Province of Ontario and the federal laws of Canada applicable therein. Subject to and without limiting in any way the provisions regarding the paramountcy of the Loan Agreement in Section 6.7 above, this Agreement and the other Loan Documents constitute the entire understanding among the parties hereto with respect to the subject matter hereof and supersede any prior agreements, written or oral, with respect thereto.

## **6.9 Assignment.**

This Agreement shall enure to the benefit of and be binding upon the Lender and its respective successors and permitted assigns and each Assignor and their respective successors and assigns; provided that each Assignor shall not have the right to assign their obligations hereunder and the Lender may only assign its rights, title and interest in, to and arising under this Agreement in accordance with the provisions of the Loan Agreement concerning assignments and participations.

## **6.10 Additional Continuing Security.**

This Agreement and the assignment by way of security granted hereby are in addition to and not in substitution for any other security now or hereafter held by the Lender and this Agreement is a continuing agreement and security that will remain in full force and effect until discharged by the Lender.

## **6.11 Discharge.**

Each Assignor will not be discharged from this Agreement except upon satisfaction in full of the Secured Obligations and termination of all Commitments and at the expense of the Assignors, the Lender will execute and deliver to each Assignor such releases and discharges as such Assignor may reasonably require.

## **6.12 Executed Copy.**

Each Assignor acknowledges receipt of a fully executed copy of this Agreement.



**6.13 Counterparts.**

This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts (including by telecopy or pdf), and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

**[Signature page follows]**

**IN WITNESS WHEREOF** the undersigned has duly executed this Agreement on the date first written above.

**JAMES E. WAGNER CULTIVATION CORPORATION**



Name: **NATHAN WOODWORTH**  
Title: **PRESIDENT**

\_\_\_\_\_  
Name:  
Title:

**JAMES E. WAGNER CULTIVATION LTD.**



Name: **NATHAN WOODWORTH**  
Title: **PRESIDENT**

\_\_\_\_\_  
Name:  
Title:

**JWC 1 LTD.**



Name: **NATHAN WOODWORTH**  
Title: **PRESIDENT**

---

Name:  
Title:

**JWC 2 LTD.**

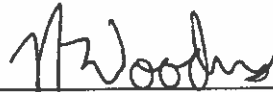


Name: **NATHAN WOODWORTH**  
Title: **PRESIDENT**

---

Name:  
Title:

**JWC SUPPLY LTD.**

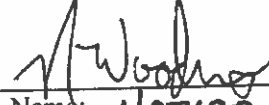


Name: **NATHAN WOODWORTH**  
Title: **PRESIDENT**

---

Name:  
Title:

**GROWTHSTORM INC.**



Name: **NATHAN WOODWORTH**  
Title: **PRESIDENT**

---

Name:  
Title:

## **SCHEDULE A**

1. Lease dated December 13, 2013, between Blue Top Properties (885 Trillium) Inc. and James E. Wagner Cultivation Ltd. in respect of 855 Trillium Drive, Kitchener, Ontario.
2. Lease dated February 1, 2018, between Homer Land Corp. and James E. Wagner Cultivation Ltd. in respect of 530 Manitou Drive, Kitchener, Ontario.
3. Offtake Agreement between James E. Wagner Cultivation Ltd. and Canopy Growth Corporation dated August 11, 2017.
4. Royalty Agreement between James E. Wagner Cultivation Ltd. and Canopy Rivers Corporation dated August 11, 2017.
5. Investment Agreement among James E. Wagner Cultivation Ltd., Canopy Rivers Corporation and Canopy Growth Corporation dated August 11, 2017.
6. Construction Management Agreement between James E. Wagner Cultivation Ltd. and Ball Construction dated December 11, 2017.
7. Cannabis Concentrate Program Agreement between James E. Wagner Cultivation Ltd. and MediPharm Labs Inc. dated July 31, 2018.
8. Investment Agreement between James E. Wagner Cultivation Corporation and Alumina Partners (Ontario) Ltd. dated November 6, 2018.
9. Technology License and Cannabis Streaming Agreement between James E. Wagner Cultivation Corporation and Wellness Farms Inc. dated February 8, 2019.

**OMNIBUS ASSIGNMENT OF INSURANCE PROCEEDS**

**TO:** TRICHOME FINANCIAL CORP., as lender (the "Lender")

**RE:** The loan agreement dated as of the date hereof between, among others, James E. Wagner Cultivation Corporation, as borrower (the "Borrower"), James E. Wagner Cultivation Ltd. ("JWC Ltd."), JWC 1 Ltd., JWC 2 Ltd., JWC Supply Ltd., and GrowthStorm Inc. ("GrowthStorm", and together with the Borrower, JWC Ltd., JWC 1 Ltd., JWC 2 Ltd., and JWC Supply Ltd., the "Assignors", and each an "Assignor"), as guarantors, and the Lender (as amended, restated, amended and restated, supplemented or replaced from time to time, the "Loan Agreement")

**DATE:** February 19, 2019

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**IN CONSIDERATION OF** the transactions contemplated under the Loan Agreement and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, each Assignor hereby covenants and agrees with the Lender as follows:

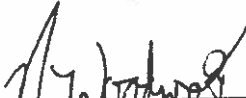
1. Each Assignor hereby assigns to the Lender, for the benefit of the Lender, all of its right, title and interest in and to:
  - (a) all present and future proceeds and monies payable under and benefits derived from all insurance policies pertaining to the business of the Assignors and the Collateral (as defined in the Loan Agreement) including without limitation the insurance policies described in Schedule A attached hereto and any insurance policies issued after the date hereof, together with all renewals thereof, substitutions therefor or replacements thereof and supplements thereto (collectively, the "**Insurance Policies**"); and
  - (b) all claims whatsoever which it now or may in the future have under or in connection with the Insurance Policies, including all premiums paid in advance and any interest thereon, and all rights in relation thereto and all income therefrom,in each case to the extent pertaining to the business of the Assignors and the Collateral (collectively, "**Insurance Proceeds**").
2. Each Assignor shall:
  - (a) file, issue, maintain, enforce and otherwise take all necessary and appropriate actions in respect of the Insurance Policies in order to preserve and maintain the value thereof;
  - (b) observe and comply with all terms and conditions of the Insurance Policies; and
  - (c) promptly give notice to the Lender of any event or circumstance which results or is likely to result in any claim being made or Insurance Proceeds being payable under any Insurance Policies.
3. This Assignment shall be binding upon the Assignors and their respective successors and assigns and shall enure to the benefit of the Lender, and its successors and assigns.

4. This Assignment shall be governed by and construed under the laws of the Province of Ontario and the federal laws of Canada applicable therein (without regard to its laws relating to any conflict of laws). Each party irrevocably attorns and submits to the non-exclusive jurisdiction of the courts of the Province of Ontario.


**[REMAINDER OF PAGE LEFT INTENTIONALLY BLANK]**

Dated as of the first date written above.

**JAMES E. WAGNER CULTIVATION CORPORATION**

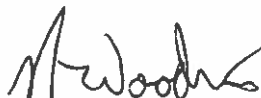
By:   
Name: **NATHAN WOODWORTH**  
Title: **PRESIDENT**  
I have the authority to bind the corporation.

**JAMES E. WAGNER CULTIVATION LTD.**

By:   
Name: **NATHAN WOODWORTH**  
Title: **PRESIDENT**

By: \_\_\_\_\_  
Name:  
Title:  
We have the authority to bind the corporation.

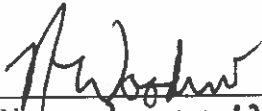
**JWC I LTD.**

By:   
Name: **NATHAN WOODWORTH**  
Title: **PRESIDENT**


By: \_\_\_\_\_  
Name:  
Title:  
We have the authority to bind the corporation.



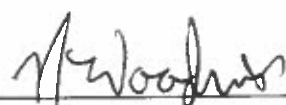
**JWC 2 LTD.**

By:   
Name: NATHAN WOODWORTH  
Title: PRESIDENT  
I have the authority to bind the corporation.

**JWC SUPPLY LTD.**

By:   
Name: NATHAN WOODWORTH  
Title: PRESIDENT  
I have the authority to bind the corporation.

**GROWTHSTORM INC.**

By:   
Name: NATHAN WOODWORTH  
Title: PRESIDENT  
I have the authority to bind the corporation.

## **SCHEDULE A**

### **INSURANCE POLICIES**

The following insurance policies are provided by Cowan Insurance Group in respect of James E. Wagner Cultivation Corporation and James E. Wagner Cultivation Ltd.:

1. Property insurance in respect of:
  - (i) 855 Trillium Drive, Unit B, Kitchener Ontario (January 16, 2019 to January 16, 2020);
  - (ii) 860 Trillium Drive, Kitchener Ontario (January 16, 2019 to January 16, 2020); and
  - (iii) 530 Manitou Drive, Kitchener, Ontario (July 1, 2018 to July 1, 2019).
  
2. Equipment Breakdown insurance.

## **SHARE AND NOTE PLEDGE AGREEMENT**

**THIS SHARE AND NOTE PLEDGE AGREEMENT** (as amended, modified, supplemented, restated or replaced from time to time, this “**Pledge Agreement**”), dated as of February 19, 2019, made by James E. Wagner Cultivation Corporation, an Ontario corporation (together with any successor(s) and permitted assigns, the “**Pledgor**”), in favour of Trichome Financial Corp. as lender under the Loan Agreement (as defined below) (together with any successor(s) thereto in such capacity, the “**Lender**”).

### **WITNESSETH:**

**WHEREAS** pursuant to a loan agreement dated as of the date hereof (together with all amendments, modifications, supplements, restatements or replacements, if any, from time to time thereafter made thereto, the “**Loan Agreement**”), between, among others, the Lender, and the Pledgor, as borrower (the “**Borrower**”), James E. Wagner Cultivation Ltd., JWC 1 Ltd., JWC 2 Ltd., JWC Supply Ltd. and GrowthStorm Inc., as guarantors, the Lender has agreed to advance a Loan to the Borrower;

**AND WHEREAS** as a condition precedent to the making of the Loan under the Loan Agreement, the Pledgor is required to execute and deliver this Pledge Agreement as continuing collateral security to secure the performance of the Secured Obligations (as defined below);

**AND WHEREAS** the Pledgor has duly authorized the execution, delivery and performance of this Pledge Agreement;

**NOW THEREFORE** for good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, and in order to induce the Lender to advance the Loan to the Borrower pursuant to the Loan Agreement, the Pledgor agrees, for the benefit of the Lender, as follows:

## **ARTICLE 1**

### **DEFINITIONS**

#### **1.1 Certain Terms.**

Unless otherwise defined herein or the context otherwise requires, capitalized terms used herein shall have the meanings provided in the Loan Agreement, and the following terms when used in this Pledge Agreement, including its preamble and recitals, shall have the following meanings (such definitions to be equally applicable to the singular and plural forms thereof):

“**Account Control Agreement**” means, with respect to a Securities Account, a securities account control agreement between the Pledgor, the Lender and the Securities Intermediary which maintains such Securities Account on behalf of the Pledgor, as the same may be amended from time to time.

**“Collateral”** is defined in Section 2.1.

**“Discharge Event”** means the payment in full (or cancellation in the case of letters of credit or bankers’ acceptances) of all Secured Obligations and the termination of all Commitments.

**“Distributions”** means all stock dividends, liquidating dividends, shares of stock resulting from (or in connection with the exercise of) stock splits, reclassifications, warrants, options, non-cash dividends, amalgamations, mergers, consolidations, and all other distributions (whether similar or dissimilar to the foregoing) on or with respect to any Pledged Shares or other shares of capital stock and partnership units constituting Collateral, but shall not include Dividends.

**“Dividends”** means cash dividends and cash distributions with respect to any Pledged Shares or other Pledged Property made in the ordinary course of business but excludes any liquidating dividend.

**“Issuer Control Agreement”** is defined in Section 2.4.

**“Lender”** is defined in the preamble.

**“Loan Agreement”** is defined in the first recital.

**“Pledge Agreement”** is defined in the preamble.

**“Pledged Note Issuer”** means the Borrower together with its successors, by amalgamation or otherwise, and permitted assigns.

**“Pledged Notes”** means all promissory notes issued in favour of the Pledgor by the Pledged Note Issuer including, without limitation, the promissory notes set out in Schedule A hereto.

**“Pledged Property”** means all Pledged Shares and all other pledged shares of capital stock and partnership units, all substitutions therefor and additions thereto, the Pledged Notes, all other securities issued to the Pledgor by the Pledged Share Issuer, all other securities, all other instruments which are now being delivered by the Pledgor to the Lender or which may from time to time hereafter be delivered by the Pledgor to the Lender for the purpose of pledge under this Pledge Agreement, and all proceeds of any of the foregoing.

**“Pledged Share Issuer”** means each Person identified in Schedule A attached hereto as the issuer of the Pledged Shares identified opposite the name of such Person, and each other Person whose capital stock or partnership units are pledged or is required to be pledged from time to time under the Loan Agreement by the Pledgor to the Lender as Collateral hereunder.

**“Pledged Shares”** has the meaning set out in clause (i) of the definition of “Stock”.

“**Pledgor**” is defined in the preamble.

“**PPSA**” means the *Personal Property Security Act* (Ontario), as amended, re-enacted or replaced from time to time.

“**Secured Obligations**” means all indebtedness, liabilities and other obligations of the Pledgor to the Lender arising under the Loan Documents to which it is a party, in each case, direct or indirect, matured or not and any unpaid balance thereof.

“**Stock**” means

- (a) all Securities and all options and warrants owned by or issued to the Pledgor by the Pledged Share Issuer, including, without limitation, the shares in the capital stock, options, warrants or the partnership units described in Schedule A attached hereto, as such Schedule may be amended, supplemented or modified from time to time (collectively, the “**Pledged Shares**”) owned by the Pledgor, all Security Certificates, if any, and other instruments evidencing or representing such Pledged Shares, and all dividends, interest, distributions, cash, instruments and other property, income, profits and proceeds from time to time received or receivable upon or otherwise distributed or distributable in respect of or in exchange for any and all of the Pledged Shares;
- (b) all additional or substitute shares of capital stock, partnership units or other equity interests of any class of any issuer from time to time issued to or otherwise acquired by the Pledgor in any manner in respect of Pledged Shares, the Security Certificates, if any, and other instruments representing such additional or substitute shares, and all dividends, interests, distributions, cash, instruments and other property, income, profits and proceeds from time to time received or receivable upon or otherwise distributed or distributable in respect of or an exchange for any or all of such additional or substitute shares; and
- (c) to the extent not otherwise included in the foregoing, all Proceeds thereof.

## 1.2 Definitions.

- (a) Unless otherwise defined herein or the context otherwise requires, terms used in this Pledge Agreement, including its preamble and recitals, have the meanings ascribed thereto in the Loan Agreement.
- (b) Unless otherwise defined herein or in the Loan Agreement or the context otherwise requires, terms for which meanings are provided in the PPSA (including, without limitation, the term proceeds and terms for which meanings are provided in the *Securities Transfer Act, 2006* (Ontario) (“**STA**”) (including without limitation, “Certificated Security”, “Financial Asset”, “Securities Account”, “Securities Intermediary”, “Security” (which term includes the plural thereof, “Securities”), “Security Certificate”, “Uncertificated Security” and “Security Entitlement”) are used in this Pledge Agreement, including its preamble and recitals, with such meanings.

## ARTICLE 2

### PLEDGE

#### **2.1 Grant of Security Interest.**

As general and continuing collateral security for the payment and performance of the Secured Obligations, the Pledgor hereby pledges, hypothecates, assigns, charges, mortgages, delivers, and transfers to the Lender, for its benefit, and hereby grants to the Lender, for its benefit, a continuing security interest in, all of the following property (collectively, the “Collateral”):

- (a) all Securities Accounts in the name of the Pledgor, including any and all assets of whatever type or kind deposited in or credited to such Securities Accounts, including all Financial Assets, all Security Entitlements related to such Financial Assets, and all certificates and other instruments from time to time representing or evidencing the same, and all dividends, interest, distributions, cash and other property from time to time received or receivable upon or otherwise distributed or distributable in respect of or in exchange for any or all of the foregoing;
- (b) all Stock;
- (c) all Financial Assets;
- (d) all Security Entitlements;
- (e) the Pledged Notes and all certificates and instruments evidencing or representing such promissory notes; and
- (f) all Proceeds in respect of the foregoing and all rights and interest of the Pledgor in respect thereof or evidenced thereby, including all money received or receivable from time to time by the Pledgor in connection with the sale of any of the foregoing.

#### **2.2 Security for Secured Obligations.**

This Pledge Agreement and the Collateral granted herewith secures the payment and performance in full of all Secured Obligations whether for principal, interest, costs, fees, expenses, or otherwise. The security interest granted hereby and all rights of the Lender hereunder and all obligations of the Pledgor hereunder are unconditional and absolute and independent and separate from any other security for the Secured Obligations, whether executed by the Pledgor or any other Person.

#### **2.3 Subsequently Acquired Collateral.**

To the extent the Pledgor acquires, by way of amalgamation or otherwise, any additional Collateral at any time or from time to time after the date hereof, such Collateral will automatically (and without any further action being required to be taken by the Lender) be

subject to the security interest and pledge created hereby. The Pledgor will take, or cause to be taken, as promptly as practicable and, in any event within five (5) Business Days after it obtains such additional Collateral, all steps and actions as the Lender reasonably deems necessary to ensure that the additional Collateral is promptly delivered to the Lender.

#### **2.4 Possession and Control**

- (a) In the case of Collateral constituting Certificated Securities, the Pledgor will delivery to the Lender, promptly upon receipt, the Security Certificates duly endorsed for transfer, and in each case, accompanied by a stock power of attorney duly executed in blank or similar transfer form constituting an effective endorsement.
- (b) In the case of Collateral constituting Uncertificated Securities, the Pledgor will enter into and cause the issuer of such Uncertificated Securities to enter into such custodial, control or similar agreements as the Lender reasonably requires (each, an “**Issuer Control Agreement**”), in order to ensure that the Lender has control (as such term is used in the STA and PPSA) of the Uncertificated Securities.
- (c) In the case of Collateral constituting Security Entitlements in respect of Financial Assets deposited in or credited to a Securities Account, the Pledgor will take all action necessary to cause each Securities Intermediary to enter into an effective Account Control Agreement pursuant to which such Securities Intermediary will agree, among other things, to comply with entitlement orders originated by the Lender or its nominee without further consent of the Pledgor or any other Person.
- (d) At the reasonable request of the Lender and immediately upon written notice being provided by the Lender to the Pledgor, the Pledgor will take all action required to cause the Collateral consisting of (i) Uncertificated Securities to be registered in the name of the Lender or its nominee on the records of the issuer thereof, and (ii) Securities Accounts to be transferred to the Lender or as it may direct so that it or its nominee becomes the entitlement holder thereof. The Pledgor covenants that, at the time of any such transfer, it will provide all required consents and approvals and cause each Pledge Share Issuer or the Securities Intermediary, as the case may be, to make appropriate notations on its share register or in the relevant Securities Account, as applicable.

#### **2.5 Dividends on Pledged Shares.**

Subject to the Loan Agreement, in the event that any Dividend is to be paid on any Pledged Share at a time when no Event of Default has occurred or would result therefrom, such Dividend or payment may be paid directly to the Pledgor. If any Event of Default has occurred and is continuing or would result from the payment of any Dividend on any of the Pledged Shares, then any such Dividend or payment shall be paid directly to the Lender, and the Pledgor shall promptly pay any such Dividend received by it in contravention of this Section to the Lender and until such Dividend is so paid to the Lender it shall be held separate and apart from the Pledgor’s other property in trust for the benefit of the Lender by the Pledgor.

**2.6 Continuing Security Interest.**

This Pledge Agreement shall create a continuing security interest in the Collateral and shall:

- (a) remain in full force and effect until the occurrence of a Discharge Event;
- (b) be binding upon the Pledgor and its successors and assigns; and
- (c) enure, together with the rights and remedies of the Lender hereunder, to the benefit of the Lender.

The Lender may not assign or otherwise transfer any of its right, title or interest in, to or arising under this Pledge Agreement except in accordance with the provisions governing assignment by the Lender contained in the Loan Agreement. Upon the occurrence of a Discharge Event, the security interest granted herein shall terminate and all rights to the Collateral shall revert to the Pledgor. Upon the occurrence of any such Discharge Event, the Lender will, at the Pledgor's sole expense, deliver to the Pledgor, without any representations, warranties or recourse of any kind whatsoever (except a representation that it has not assigned the same), all certificates and instruments representing or evidencing all Pledged Shares and Pledged Notes, together with all other Collateral held by the Lender hereunder, and execute and deliver to the Pledgor such documents, releases and discharges as the Pledgor shall reasonably request to evidence such termination.

**2.7 Reinstatement of Agreement**

Notwithstanding the provisions of Section 2.6 hereof, this Agreement shall be reinstated if at any time following the termination of this Agreement under Section 2.6 hereof, the performance by the Pledgor hereunder or under any other Loan Document is set aside upon the insolvency, bankruptcy, reorganization, dissolution or liquidation of the Pledgor or otherwise. Such period of reinstatement shall continue until satisfaction of the conditions contained in, and shall continue to be subject to, the provisions of Sections 2.6 and 2.7 hereof.

**ARTICLE 3**

**REPRESENTATIONS AND WARRANTIES**

**3.1 Warranties, etc.**

The Pledgor represents and warrants to the Lender, as at the date of each pledge and delivery hereunder (including each pledge and delivery of Pledged Shares after the date hereof) by the Pledgor to the Lender of any Collateral, as set forth in this Article.

**3.2 Existence, etc.**

The Pledgor is duly incorporated or formed, continued or amalgamated, as the case may be, and validly existing under the laws of the Province of Ontario with the requisite corporate, partnership or other power to enter into this Pledge Agreement; this Pledge Agreement



has been duly authorized by all necessary corporate, partnership or other action on the part of the Pledgor and constitutes a legal and valid agreement binding of the Pledgor, enforceable in accordance with its terms, subject to Applicable Laws of general application affecting creditor rights and the discretion of the Governmental Authority in awarding equitable remedies; the making and performance of this Pledge Agreement will not result in the breach of, constitute a default under, contravene any provision of, or result in the creation of, any lien, charge, security interest, encumbrance or any other rights of others upon any property of the Pledgor pursuant to any agreement, indenture or other instrument to which the Pledgor is a party or by which the Pledgor or any of its property may be bound or affected.

### **3.3 Ownership, No Liens, etc.**

The Pledgor is the legal and beneficial owner of, and has good and marketable title to (and has full right and authority to create the security interest, pledge and assign and to cause delivery of the Collateral) the Collateral, free and clear of all Liens, except any Lien granted pursuant hereto in favour of the Lender, or any Lien permitted by the Loan Agreement. As of the date of this Pledge Agreement, there is no existing agreement, option, warrant, right or privilege capable of becoming an agreement or option pursuant to which the Pledgor would be required to sell or otherwise dispose of any of the Collateral.

### **3.4 Control.**

No Collateral is in the possession or control of any person asserting a claim thereto or security interest therein, except that the Lender or its nominee or a Securities Intermediary acting on its behalf may have possession or control of the Collateral.

### **3.5 As to Pledged Shares.**

In the case of any Pledged Shares constituting Collateral, (a) all of such Pledged Shares are duly authorized and validly issued, fully paid, and non-assessable (in the case of shares of any corporation), and as of the date of this Agreement constitute such percentage of all of the issued and outstanding shares or partnership units of each such class of securities of each Pledged Share Issuer as set forth on Schedule A attached hereto, (b) there is no agreement, option, warrant, privilege or right pursuant to which the Pledgor may be required to sell or otherwise dispose of any of the Pledged Shares except in accordance with the Loan Agreement, and (c) the Pledgor has no direct Subsidiaries participating in its business other than the Pledged Share Issuers.

### **3.6 Authorization, Approval, etc.**

Except for the consent of the boards of directors of the Pledgor and the Pledged Share Issuers, which have been obtained on or prior to the date hereof, and such consent as may be required from Health Canada or any other Governmental Authority in the event that there is a Change of Control of the Pledged Share Issuers pursuant to this Pledge Agreement, no authorization, approval, or other action by, and no notice to or filing with, any Governmental Authority or any other Person is required either:

- (a) for the pledge by the Pledgor of any Collateral pursuant to this Pledge Agreement or for the execution, delivery, and performance of this Pledge Agreement by the Pledgor; or
- (b) for the exercise by the Lender of the voting or other rights provided for in this Pledge Agreement, or the remedies in respect of the Collateral pursuant to this Pledge Agreement except as may be required in connection with a disposition of the Collateral pledged hereunder by Applicable Laws affecting the offering and sale of securities generally.

## **ARTICLE 4**

### **COVENANTS**

#### **4.1 Protect Collateral; Further Assurances, etc.**

The Pledgor will not sell, assign, transfer, pledge or encumber in any other manner the Collateral (except in favour of the Lender hereunder, or except as permitted by the Loan Agreement). The Pledgor will warrant and defend the right and title herein granted unto the Lender in and to the Collateral (and all right, title, and interest represented by the Collateral) against the claims and demands of all Persons whomsoever. The Pledgor agrees that at any time, and from time to time, at the expense of the Pledgor, the Pledgor will promptly execute and deliver all further instruments and take all further action reasonably requested by the Lender that may be necessary in the opinion of the Lender in order to perfect and protect any security interest granted or purported to be granted hereby or to enable the Lender to exercise and enforce its rights and remedies hereunder with respect to any Collateral.

#### **4.2 Stock Powers, etc.**

The Pledgor agrees that all Pledged Shares (and all other shares of capital stock and partnership units constituting Collateral) delivered by the Pledgor pursuant to Section 2.4 hereof will be accompanied by duly executed undated blank stock powers, or other equivalent instruments of transfer acceptable to the Lender. The Pledgor will, from time to time upon the request of the Lender, promptly deliver to the Lender such stock powers, instruments, and similar documents, satisfactory in form and substance to the Lender, with respect to the Collateral as the Lender may reasonably request and will, from time to time upon the request of the Lender, promptly transfer any Pledged Shares or other shares of common stock constituting Collateral into the name of any nominee designated by the Lender.

#### **4.3 Continuous Pledge.**

Subject to Section 2.5 and Section 4.4 hereof, the Pledgor will, at all times, keep pledged to the Lender pursuant hereto, and shall deliver forthwith to the Lender, all Pledged Shares and all other shares of capital stock and partnership units constituting Collateral, all Dividends and Distributions with respect to the Pledged Shares, and all other Collateral and rights from time to time received by or distributable to the Pledgor in respect of any Collateral and will immediately duly pledge on a perfected basis, subject only to Permitted Liens, all capital stock and partnership units issued by any Pledged Share Issuer to the Pledgor.

**4.4 Voting Rights; Dividends, etc.**

The Pledgor agrees that after any Event of Default shall have occurred and be continuing:

- (a) it shall promptly, upon receipt thereof by the Pledgor and, without any request therefor by the Lender, deliver to the Lender all Dividends, Distributions, and all proceeds of the Collateral, all of which shall be held by the Lender as additional Collateral for use in accordance with Section 6.3;
- (b) the Lender may exercise (to the exclusion of the Pledgor) the voting power and all other incidental rights of ownership with respect to any Pledged Shares or other shares of capital stock and partnership units constituting Collateral and the Pledgor hereby grants to the Lender an irrevocable proxy, exercisable under such circumstances, to vote the Pledged Shares and such other Collateral; and
- (c) it shall promptly deliver to the Lender such additional proxies and other documents reasonably requested by the Lender that may be necessary, in the opinion of the Lender, to allow the Lender to realize such Dividends, Distributions or proceeds of Collateral or to exercise such voting power.

All Dividends, Distributions and proceeds which may at any time, and from time to time, be held by the Pledgor but which the Pledgor is then obligated to deliver to the Lender after an Event of Default has occurred and is continuing, shall, until delivery to the Lender, be held by the Pledgor separate and apart from its other property in trust for the Lender until delivery to the Lender. The Lender agrees that unless an Event of Default shall have occurred and be continuing, the Pledgor shall have the exclusive voting power with respect to any shares of capital stock and partnership units (including any of the Pledged Shares) constituting Collateral; provided, however, that no vote shall be cast, or consent, waiver, or ratification given, or action taken by the Pledgor that would be inconsistent with or violate any provision of the Loan Agreement or any other Loan Document (including this Pledge Agreement) or would have the effect of imposing any restriction on the transferability of any of the Collateral.

**4.5 Representations and Warranties.**

The Pledgor will ensure that the representations and warranties set forth in Article 3 will be true and correct at all times (except where expressly made only as of a specified date).

**ARTICLE 5**

**THE LENDER**

**5.1 Lender Appointed Attorney-in-Fact.**

The Pledgor hereby irrevocably appoints the Lender the Pledgor's attorney-in-fact with effect following the occurrence and during the continuance of an Event of Default, with full authority in the place and stead of the Pledgor and in the name of the Pledgor or otherwise, from

time to time in the Lender's discretion, to take any action and to execute any instrument which the Lender may reasonably deem necessary or advisable to accomplish the purposes of this Pledge Agreement, including without limitation:

- (a) to transfer any or all of the Pledged Property into the name of the Lender or its nominee;
- (b) to ask, demand, collect, sue for, recover, compromise, receive and give acquittance and receipts for moneys due and to become due under or in respect of any of the Collateral;
- (c) to receive, endorse, and collect any drafts or other instruments, documents and chattel paper, in connection with clause (a) above; and
- (d) to file any claims or take any action or institute any proceedings which the Lender may deem necessary or desirable for the collection of any of the Collateral or otherwise to enforce the rights of the Lender with respect to any of the Collateral.

The Pledgor hereby acknowledges, consents and agrees that the power of attorney granted pursuant to this Section is (until termination of the security interest granted hereunder upon the occurrence of a Discharge Event) irrevocable and coupled with an interest.

## **5.2 Lender May Perform.**

If the Pledgor fails to perform any agreement contained herein, the Lender may itself perform, or cause performance of, such agreement, and the expenses of the Lender incurred in connection therewith shall be payable by the Pledgor pursuant to Section 6.4.

## **5.3 Lender Has No Duty.**

The powers conferred on the Lender hereunder are solely to protect its interest in the Collateral and shall not impose any duty on it to exercise any such powers. Except for reasonable care of any Collateral in its possession and the accounting for moneys actually received by it hereunder, the Lender shall have no duty as to any Collateral or responsibility for:

- (a) ascertaining or taking action with respect to calls, conversions, exchanges, maturities, tenders or other matters relative to any Pledged Property, whether or not the Lender has or is deemed to have notice or knowledge of such matters; or
- (b) taking any necessary steps to preserve rights against prior parties or any other rights pertaining to any Collateral.

## **5.4 Reasonable Care.**

The Lender is required to exercise reasonable care in the custody and preservation of any of the Collateral in its possession; provided, however, the Lender shall be deemed to have exercised reasonable care in the custody and preservation of any of the Collateral if it takes such action for that purpose as the Pledgor requests in writing, but failure of the Lender to comply

with any such request at any time shall not in itself be deemed a failure to exercise reasonable care.

## **ARTICLE 6**

### **REMEDIES**

#### **6.1 Certain Remedies.**

Upon the occurrence of an Event of Default that is continuing that has not been waived or cured, without limiting the rights of the Lender under or pursuant to this Pledge Agreement, the Loan Agreement, any other Loan Document or any other security provided by the Pledgor to the Lender pursuant to or in connection with the Loan Agreement or otherwise provided by Applicable Law, the Lender shall be entitled and shall have the authority by itself or through its agents (including, without limitation, any receiver or receiver and manager) to do any of the following:

(a) The Lender may exercise in respect of the Collateral, in addition to other rights and remedies provided for herein or otherwise available to it under Applicable Law or any other Loan Document (including the right to give entitlement orders, instructions or a notice of exclusive control to a Securities Intermediary subject to an Account Control Agreement or an issuer subject to an Issuer Control Agreement), all the rights and remedies of a secured party upon default under the PPSA and/or the STA (whether or not the PPSA or STA apply to the affected Collateral) and also may, without notice except as specified below, sell the Collateral or any part thereof in one or more parcels at public or private sale, at any of the Lender's offices or elsewhere, for cash, on credit or for future delivery, and upon such other terms as the Lender may deem commercially reasonable. The Pledgor agrees that, to the extent notice of sale shall be required by Applicable Law, at least fifteen days prior notice to the Pledgor of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. The Lender shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. The Lender may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned.

(b) The Lender may:

- (i) transfer all or any part of the Collateral into the name of the Lender or its nominee, with or without disclosing that such Collateral is subject to the Lien and security interest created hereunder;
- (ii) vote any of the Collateral (whether or not registered in the name of the Lender or its nominee) and give or withhold all consents, waivers and ratifications in respect thereof;
- (iii) notify the parties obligated on any of the Collateral to make payment to the Lender of any amount due or to become due thereunder;

- (iv) enforce collection of any of the Collateral by suit or otherwise, and surrender, release or exchange all or any part thereof, or compromise or extend or renew for any period (whether or not longer than the original period) any obligations of any nature of any party with respect thereto;
- (v) endorse any cheques, drafts, or other writings in the Pledgor's name to allow collection of the Collateral;
- (vi) take control of any proceeds of the Collateral; and
- (vii) execute (in the name, place and stead of the Pledgor) endorsements, assignments, stock powers and other instruments of conveyance or transfer with respect to all or any of the Collateral.

(c) The Lender may purchase any of the Collateral, whether in connection with a sale made under the power of sale herein contained or pursuant to judicial proceedings or otherwise and accept the Collateral in satisfaction of the Secured Obligations upon notice to the Pledgor of its intention to do so in the manner required by Applicable Law.

(d) The Lender may (i) grant extensions of time, (ii) take and perfect or abstain from taking and perfecting security, (iii) give up securities, (iv) accept compositions or compromises, (v) grant releases and discharges, and (vi) release any part of the Collateral or otherwise deal with the Pledgor, debtors of the Pledgor, sureties and others and with the Collateral and other security as the Lender sees fit without prejudice to the liability of the Pledgor to the Lender or the Lender's rights hereunder.

(e) The Lender will not be liable or responsible for any failure to seize, collect, realize, or obtain payment with respect to the Collateral and is not bound to institute proceedings or to take other steps for the purpose of seizing, collecting, realizing or obtaining possession or payment with respect to the Collateral or for the purpose of preserving any rights of the Lender, the Pledgor or any other person, in respect of the Collateral.

(f) The Lender may apply any proceeds of realization of the Collateral to payment of expenses in connection with the preservation and realization of the Collateral as above described and the Lender may, subject to the provisions of the Loan Agreement, apply any balance of such proceeds to payment of the Secured Obligations in such order as the Lender sees fit. If there is any surplus remaining, the Lender may pay it to any Person having a claim thereto in priority to the Pledgor of whom the Lender has knowledge and any balance remaining must be paid to the Pledgor.

## **6.2 Compliance with Restrictions.**

The Pledgor agrees that in any sale of any of the Collateral following an Event of Default that has occurred and is continuing, the Lender is hereby authorized to comply with any limitation or restriction in connection with such sale as it may be advised by counsel is necessary in order to avoid any violation of Applicable Law (including compliance with such procedures as may restrict the number of prospective bidders and purchasers, require that such prospective bidders and purchasers have certain qualifications, and restrict such prospective bidders and

purchasers to Persons who will represent and agree that they are purchasing for their own account for investment and not with a view to the distribution or resale of such Collateral), or in order to obtain any required approval of the sale or of the purchaser by any Governmental Authority or official, and the Pledgor further agrees that such compliance shall not result in such sale being considered or deemed not to have been made in a commercially reasonable manner, nor shall the Lender be liable nor accountable to the Pledgor for any discount allowed by the reason of the fact that such Collateral is sold in compliance with any such limitation or restriction.

**6.3 Application of Proceeds.**

All cash proceeds received by the Lender in respect of any sale of, collection from, or other realization upon, all or any part of the Collateral may, in the discretion of the Lender, be held by the Lender as additional collateral security for, or then or at any time thereafter be applied (after payment of any amounts payable to the Lender pursuant to the Loan Agreement) in whole or in part by the Lender against, all or any part of the Secured Obligations in such order as the Lender shall elect, subject to the provisions of the Loan Agreement. Any surplus of such cash or cash proceeds held by the Lender and remaining after payment and satisfaction in full of all the Secured Obligations, and the termination of all Commitments, shall be paid over to the Pledgor or to whomsoever may be lawfully entitled to receive such surplus.

**6.4 Indemnity and Expenses.**

The Pledgor hereby indemnifies and holds harmless the Lender from and against any and all claims, losses and liabilities arising out of or resulting from this Pledge Agreement (including enforcement of this Pledge Agreement), save and except for claims, losses and liabilities arising from the gross negligence or wilful misconduct of the Lender. Upon demand, the Pledgor will pay to the Lender the amount of any and all reasonable expenses, including the reasonable fees and disbursements of its counsel and of any Securities Intermediary, experts and agents, which the Lender may incur in connection with:

- (a) the administration of this Pledge Agreement;
- (b) the custody, preservation, use, or operation of, or the sale of, collection from, or other realization upon, any of the Collateral;
- (c) the exercise or enforcement of any of the rights of the Lender; or
- (d) the failure by the Pledgor to perform or observe any of the provisions hereof.

**ARTICLE 7**

**GENERAL**

**7.1 No Release.**

This Pledge Agreement shall remain in full force and effect without regard to, and the obligations of the Pledgor shall not be affected or impaired by:

- (a) any amendment, modification, replacement of or addition or supplement to the Loan Agreement, any other Loan Document or any other security provided the Lender;
- (b) any exercise or non-exercise of any right, remedy, power or privilege in respect of this Pledge Agreement, the Loan Agreement, any other Loan Document or any other security provided to the Lender;
- (c) any waiver, consent, extension, indulgence or other action, inaction or admission under or in respect of this Pledge Agreement, the Loan Agreement, any other Loan Document or any other security provided to the Lender;
- (d) any default by the Pledgor under, or any invalidity or unenforceability of, or any limitation of the liability of the Pledgor or on the method or terms of payment under, or any irregularity or other defect in the Loan Agreement, any other Loan Document or any other security provided to the Lender;
- (e) any merger, consolidation or amalgamation of the Pledgor into or with any other Person; or
- (f) any insolvency, bankruptcy, liquidation, reorganization, arrangement, composition, winding-up, dissolution or similar proceeding involving or affecting the Pledgor.

**7.2 No Partnership.**

Nothing herein contained shall be deemed or construed by the parties hereto or by any third party as creating the relationship of partnership or of joint venture among the Pledgor and the Lender, it being understood and agreed that none of the provisions herein contained or any acts of the Lender or of the Pledgor shall be deemed to create any relationship between the Lender and the Pledgor other than the relationship of assignee and pledgor.

**7.3 Rights and Remedies Cumulative.**

The rights and remedies given to the Lender hereunder shall be cumulative of and not substituted for any rights or remedies to which the Lender may be entitled under the Loan Agreement, any other Loan Document or any other security provided to the Lender pursuant to or in connection with any of the foregoing or at law and may be exercised whether or not the Lender has pursued or is then pursuing any other such rights and remedies. Nothing in this Pledge Agreement shall curtail or limit the remedies of the Lender as permitted by Applicable Law to a creditor, all such remedies being in addition to and not in substitution for any other rights of the Lender under this Pledge Agreement, the Loan Agreement, any other Loan Document or any other security provided to the Lender pursuant to or in connection with any of the foregoing.

**7.4 Time of Essence.**

Time shall be of the essence of this Pledge Agreement.



**7.5            Waiver.**

No consent or waiver, express or implied, by the Lender to or of any breach or default by the Pledgor in performance of its obligations hereunder shall be deemed or construed to be a consent or waiver to or of any other breach or default in the performance by the Pledgor hereunder. Failure on the part of the Lender to complain of any act or failure to act of the Pledgor or to declare the Pledgor in default, irrespective of how long such failure continues, shall not by itself constitute a waiver by the Lender of its rights hereunder. The Pledgor agrees that the *Land Contract (Actions) Act* (Saskatchewan) shall have no application to any action, as defined in that Act, with respect to this Agreement, and the *Limitation of Civil Rights Act* (Saskatchewan) shall have no application to this Agreement or any agreement renewing, extending or collateral to this Agreement.

**ARTICLE 8**

**MISCELLANEOUS PROVISIONS**

**8.1            Acknowledgement.**

The Pledgor acknowledges that value has been given by the Lender for the granting of the security interest granted herein, that the Pledgor has rights in the Pledged Property (other than future or hereafter acquired Pledged Property) and that the parties have not agreed to postpone the time for attachment of the security interest granted herein.

**8.2            Loan Document.**

This Pledge Agreement is a Loan Document executed pursuant to the Loan Agreement and shall (unless otherwise expressly indicated herein) be construed, administered and applied in accordance with the terms and provisions of the Loan Agreement.

**8.3            Amendments, etc.**

No amendment to or waiver of any provision of this Pledge Agreement nor consent to any departure by the Pledgor herefrom shall in any event be effective unless the same shall be in writing and signed by the Lender, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which it is given.

**8.4            Protection of Collateral.**

The Lender may from time to time, at its option, acting reasonably, perform any act which the Pledgor agrees hereunder to perform and which the Pledgor shall fail to perform after being requested in writing so to perform (it being understood that no such request need be given after the occurrence of an Event of Default) and the Lender may from time to time take any other action which the Lender reasonably deems necessary for the maintenance, preservation or protection of any of the Collateral or of its security interest therein.

**8.5 Addresses for Notices.**

Any notice or communication to be given under this Pledge Agreement to the Pledgor or the Lender shall be effective if given in accordance with the provisions of the Loan Agreement as to the giving of notice to each but using the address set forth below for the Pledgor, and the Pledgor and the Lender may change their respective address for notices in accordance with the said provisions.

**8.6 Section Captions.**

Section captions used in this Pledge Agreement are for convenience of reference only, and shall not affect the construction of this Pledge Agreement.

**8.7 Severability.**

Wherever possible each provision of this Pledge Agreement shall be interpreted in such manner as to be effective and valid under Applicable Law, but if any provision of this Pledge Agreement shall be prohibited by or invalid under such Applicable Law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Pledge Agreement.

**8.8 Conflicts.**

In the event of any conflict between the provisions hereunder and the provisions of the Loan Agreement then, notwithstanding anything contained herein, the provisions contained in the Loan Agreement shall prevail and the provisions of this Pledge Agreement will be deemed to be amended to the extent necessary to eliminate such conflict. If any act or omission of the Pledgor is expressly permitted under the Loan Agreement but is expressly prohibited hereunder, such act or omission shall be permitted. If any act or omission is expressly prohibited hereunder, but the Loan Agreement does not expressly permit such act or omission, or if any act is expressly required to be performed hereunder but the Loan Agreement does not expressly relieve the Pledgor from such performance, such circumstance shall not constitute a conflict between the applicable provisions hereunder and the provisions of the Loan Agreement.

**8.9 Governing Law, Entire Agreement, etc.**

This Pledge Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. The Pledgor agrees that any suit, action or proceeding arising out of or relating to this Pledge Agreement against it or any of its assets may be brought in any court of the Province of Ontario and the parties hereto hereby irrevocably and unconditionally attorn and submit to the non-exclusive jurisdiction of such court over the subject matter of any such suit, action or proceeding. The Pledgor irrevocably waives and agrees not to raise any objection it might now or hereafter have to any such suit, action or proceeding in any such court including, without limitation, any objection that the place where such court is located is an inconvenient forum or that there is any other suit, action or proceeding in any other place relating in whole or in part to the same subject matter. The Pledgor agrees that any judgment or order in any such suit, action or proceeding brought in such a court shall be conclusive and binding upon it and consents to any such

judgment or order being recognized and enforced in the courts of its jurisdiction of incorporation or any other courts, by registration or homologation of such judgment or order, by a suit, action or proceeding upon such judgment or order, or any other means available for enforcement of judgments or orders. Nothing in this Section shall restrict the bringing of any such suit, action or proceeding in the courts of any other jurisdiction.

**8.10           Assignment.**

This Pledge Agreement shall enure to the benefit of and be binding upon each of the Lender and its respective successors and permitted assigns and the Pledgor and its successors and assigns; provided that the Pledgor shall not have the right to assign its obligations hereunder and the Lender may only assign its rights, title and interest in, to and arising under this Pledge Agreement in accordance with the provisions of the Loan Agreement concerning assignments and participations.

**8.11           Counterparts.**

This Pledge Agreement may be executed by one or more of the parties to this Pledge Agreement on any number of separate counterparts (including by telecopy or PDF), and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

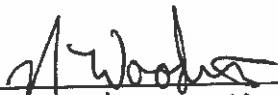
**8.12           Executed Copy.**

The Pledgor acknowledges receipt of a fully executed copy of this Pledge Agreement and, to the extent permitted by Applicable Law, waives all rights to receive from the Lender a copy of any financing statement, financing change statement, or verification statement, filed or issued at any time in respect of this Pledge Agreement. The Pledgor confirms its consent to the filing by the Lender or on its behalf of any financing statement or financing change statement filed or issued at any time in respect of this Pledge Agreement.

**[Signature page follows]**

**IN WITNESS WHEREOF**, the parties caused this Pledge Agreement to be duly executed and delivered as of the date first written above.

**JAMES E. WAGNER CULTIVATION CORPORATION., as Pledgor**

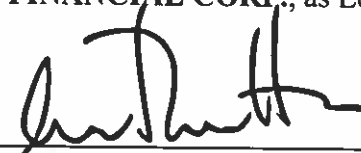
By:   
Name: NATHAN WOODWORTH  
Title: PRESIDENT

By: \_\_\_\_\_  
Name:  
Title:

Address:

Attention:  
Email:  
Fax:

**TRICHOME FINANCIAL CORP., as Lender**

By:   
Name: Michael Ruscetta  
Title: CEO

By: \_\_\_\_\_  
Name:  
Title:

## SCHEDULE A

### PLEDGED SHARES

<b>Pledged Share Issuer</b>	<b>Pledgor</b>	<b>Certificate No.</b>	<b>Number and Class of Shares Pledged</b>
James E. Wagner Cultivation Ltd.	James E. Wagner Cultivation Corporation	C-1	84,508,386 common shares
GrowthStorm Inc.	James E. Wagner Cultivation Corporation	C-1	100 common shares

### PLEDGED NOTES

Nil.

## SHARE AND NOTE PLEDGE AGREEMENT

**THIS SHARE AND NOTE PLEDGE AGREEMENT** (as amended, modified, supplemented, restated or replaced from time to time, this "**Pledge Agreement**"), dated as of February 19, 2019, made by James E. Wagner Cultivation Ltd., an Ontario corporation (together with any successor(s) and permitted assigns, the "**Pledgor**"), in favour of Trichome Financial Corp., as lender under the Loan Agreement (as defined below) (together with any successor(s) thereto in such capacity, the "**Lender**").

### WITNESSETH:

**WHEREAS** pursuant to a loan agreement dated as of the date hereof (together with all amendments, modifications, supplements, restatements or replacements, if any, from time to time thereafter made thereto, the "**Loan Agreement**"), between, among others, the Lender, James E. Wagner Cultivation Corporation, as borrower (the "**Borrower**"), and the Pledgor, as a guarantor, the Lender has agreed to advance a Loan to the Borrower;

**AND WHEREAS** as a condition precedent to the making of the Loan under the Loan Agreement, the Pledgor is required to execute and deliver this Pledge Agreement as continuing collateral security to secure the performance of the Secured Obligations (as defined below);

**AND WHEREAS** the Pledgor has duly authorized the execution, delivery and performance of this Pledge Agreement;

**NOW THEREFORE** for good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, and in order to induce the Lender to advance the Loan to the Borrower pursuant to the Loan Agreement, the Pledgor agrees, for the benefit of the Lender, as follows:

## **ARTICLE 1**

### DEFINITIONS

#### **1.1 Certain Terms.**

Unless otherwise defined herein or the context otherwise requires, capitalized terms used herein shall have the meanings provided in the Loan Agreement, and the following terms when used in this Pledge Agreement, including its preamble and recitals, shall have the following meanings (such definitions to be equally applicable to the singular and plural forms thereof):

**"Account Control Agreement"** means, with respect to a Securities Account, a securities account control agreement between the Pledgor, the Lender and the Securities Intermediary which maintains such Securities Account on behalf of the Pledgor, as the same may be amended from time to time.

**“Collateral”** is defined in Section 2.1.

**“Discharge Event”** means the payment in full (or cancellation in the case of letters of credit or bankers’ acceptances) of all Secured Obligations and the termination of all Commitments.

**“Distributions”** means all stock dividends, liquidating dividends, shares of stock resulting from (or in connection with the exercise of) stock splits, reclassifications, warrants, options, non-cash dividends, amalgamations, mergers, consolidations, and all other distributions (whether similar or dissimilar to the foregoing) on or with respect to any Pledged Shares or other shares of capital stock and partnership units constituting Collateral, but shall not include Dividends.

**“Dividends”** means cash dividends and cash distributions with respect to any Pledged Shares or other Pledged Property made in the ordinary course of business but excludes any liquidating dividend.

**“Issuer Control Agreement”** is defined in Section 2.4.

**“Lender”** is defined in the preamble.

**“Loan Agreement”** is defined in the first recital.

**“Pledge Agreement”** is defined in the preamble.

**“Pledged Note Issuer”** means the Borrower together with its successors, by amalgamation or otherwise, and permitted assigns.

**“Pledged Notes”** means all promissory notes issued in favour of the Pledgor by the Pledged Note Issuer including, without limitation, the promissory notes set out in Schedule A hereto.

**“Pledged Property”** means all Pledged Shares and all other pledged shares of capital stock and partnership units, all substitutions therefor and additions thereto, the Pledged Notes, all other securities issued to the Pledgor by the Pledged Share Issuer, all other securities, all other instruments which are now being delivered by the Pledgor to the Lender or which may from time to time hereafter be delivered by the Pledgor to the Lender for the purpose of pledge under this Pledge Agreement, and all proceeds of any of the foregoing.

**“Pledged Share Issuer”** means each Person identified in Schedule A attached hereto as the issuer of the Pledged Shares identified opposite the name of such Person, and each other Person whose capital stock or partnership units are pledged or is required to be pledged from time to time under the Loan Agreement by the Pledgor to the Lender as Collateral hereunder.

**“Pledged Shares”** has the meaning set out in clause (i) of the definition of “Stock”.



“**Pledgor**” is defined in the preamble.

“**PPSA**” means the *Personal Property Security Act* (Ontario), as amended, re-enacted or replaced from time to time.

“**Secured Obligations**” means all indebtedness, liabilities and other obligations of the Pledgor to the Lender arising under the Loan Documents to which it is a party, in each case, direct or indirect, matured or not and any unpaid balance thereof.

“**Stock**” means

- (a) all Securities and all options and warrants owned by or issued to the Pledgor by the Pledged Share Issuer, including, without limitation, the shares in the capital stock, options, warrants or the partnership units described in Schedule A attached hereto, as such Schedule may be amended, supplemented or modified from time to time (collectively, the “**Pledged Shares**”) owned by the Pledgor, all Security Certificates, if any, and other instruments evidencing or representing such Pledged Shares, and all dividends, interest, distributions, cash, instruments and other property, income, profits and proceeds from time to time received or receivable upon or otherwise distributed or distributable in respect of or in exchange for any and all of the Pledged Shares;
- (b) all additional or substitute shares of capital stock, partnership units or other equity interests of any class of any issuer from time to time issued to or otherwise acquired by the Pledgor in any manner in respect of Pledged Shares, the Security Certificates, if any, and other instruments representing such additional or substitute shares, and all dividends, interests, distributions, cash, instruments and other property, income, profits and proceeds from time to time received or receivable upon or otherwise distributed or distributable in respect of or an exchange for any or all of such additional or substitute shares; and
- (c) to the extent not otherwise included in the foregoing, all Proceeds thereof.

## 1.2 **Definitions.**

- (a) Unless otherwise defined herein or the context otherwise requires, terms used in this Pledge Agreement, including its preamble and recitals, have the meanings ascribed thereto in the Loan Agreement.
- (b) Unless otherwise defined herein or in the Loan Agreement or the context otherwise requires, terms for which meanings are provided in the PPSA (including, without limitation, the term proceeds and terms for which meanings are provided in the *Securities Transfer Act, 2006* (Ontario) (“**STA**”) (including without limitation, “**Certificated Security**”, “**Financial Asset**”, “**Securities Account**”, “**Securities Intermediary**”, “**Security**” (which term includes the plural thereof, “**Securities**”), “**Security Certificate**”, “**Uncertificated Security**” and “**Security Entitlement**”) are used in this Pledge Agreement, including its preamble and recitals, with such meanings.

## ARTICLE 2

### PLEDGE

#### **2.1 Grant of Security Interest.**

As general and continuing collateral security for the payment and performance of the Secured Obligations, the Pledgor hereby pledges, hypothecates, assigns, charges, mortgages, delivers, and transfers to the Lender, for its benefit, and hereby grants to the Lender, for its benefit, a continuing security interest in, all of the following property (collectively, the “Collateral”):

- (a) all Securities Accounts in the name of the Pledgor, including any and all assets of whatever type or kind deposited in or credited to such Securities Accounts, including all Financial Assets, all Security Entitlements related to such Financial Assets, and all certificates and other instruments from time to time representing or evidencing the same, and all dividends, interest, distributions, cash and other property from time to time received or receivable upon or otherwise distributed or distributable in respect of or in exchange for any or all of the foregoing;
- (b) all Stock;
- (c) all Financial Assets;
- (d) all Security Entitlements;
- (e) the Pledged Notes and all certificates and instruments evidencing or representing such promissory notes; and
- (f) all Proceeds in respect of the foregoing and all rights and interest of the Pledgor in respect thereof or evidenced thereby, including all money received or receivable from time to time by the Pledgor in connection with the sale of any of the foregoing.

#### **2.2 Security for Secured Obligations.**

This Pledge Agreement and the Collateral granted herewith secures the payment and performance in full of all Secured Obligations whether for principal, interest, costs, fees, expenses, or otherwise. The security interest granted hereby and all rights of the Lender hereunder and all obligations of the Pledgor hereunder are unconditional and absolute and independent and separate from any other security for the Secured Obligations, whether executed by the Pledgor or any other Person.

#### **2.3 Subsequently Acquired Collateral.**

To the extent the Pledgor acquires, by way of amalgamation or otherwise, any additional Collateral at any time or from time to time after the date hereof, such Collateral will automatically (and without any further action being required to be taken by the Lender) be

subject to the security interest and pledge created hereby. The Pledgor will take, or cause to be taken, as promptly as practicable and, in any event within five (5) Business Days after it obtains such additional Collateral, all steps and actions as the Lender reasonably deems necessary to ensure that the additional Collateral is promptly delivered to the Lender.

#### **2.4 Possession and Control**

- (a) In the case of Collateral constituting Certificated Securities, the Pledgor will delivery to the Lender, promptly upon receipt, the Security Certificates duly endorsed for transfer, and in each case, accompanied by a stock power of attorney duly executed in blank or similar transfer form constituting an effective endorsement.
- (b) In the case of Collateral constituting Uncertificated Securities, the Pledgor will enter into and cause the issuer of such Uncertificated Securities to enter into such custodial, control or similar agreements as the Lender reasonably requires (each, an “**Issuer Control Agreement**”), in order to ensure that the Lender has control (as such term is used in the STA and PPSA) of the Uncertificated Securities.
- (c) In the case of Collateral constituting Security Entitlements in respect of Financial Assets deposited in or credited to a Securities Account, the Pledgor will take all action necessary to cause each Securities Intermediary to enter into an effective Account Control Agreement pursuant to which such Securities Intermediary will agree, among other things, to comply with entitlement orders originated by the Lender or its nominee without further consent of the Pledgor or any other Person.
- (d) At the reasonable request of the Lender and immediately upon written notice being provided by the Lender to the Pledgor, the Pledgor will take all action required to cause the Collateral consisting of (i) Uncertificated Securities to be registered in the name of the Lender or its nominee on the records of the issuer thereof, and (ii) Securities Accounts to be transferred to the Lender or as it may direct so that it or its nominee becomes the entitlement holder thereof. The Pledgor covenants that, at the time of any such transfer, it will provide all required consents and approvals and cause each Pledge Share Issuer or the Securities Intermediary, as the case may be, to make appropriate notations on its share register or in the relevant Securities Account, as applicable.

#### **2.5 Dividends on Pledged Shares.**

Subject to the Loan Agreement, in the event that any Dividend is to be paid on any Pledged Share at a time when no Event of Default has occurred or would result therefrom, such Dividend or payment may be paid directly to the Pledgor. If any Event of Default has occurred and is continuing or would result from the payment of any Dividend on any of the Pledged Shares, then any such Dividend or payment shall be paid directly to the Lender, and the Pledgor shall promptly pay any such Dividend received by it in contravention of this Section to the Lender and until such Dividend is so paid to the Lender it shall be held separate and apart from the Pledgor’s other property in trust for the benefit of the Lender by the Pledgor.

**2.6 Continuing Security Interest.**

This Pledge Agreement shall create a continuing security interest in the Collateral and shall:

- (a) remain in full force and effect until the occurrence of a Discharge Event;
- (b) be binding upon the Pledgor and its successors and assigns; and
- (c) enure, together with the rights and remedies of the Lender hereunder, to the benefit of the Lender.

The Lender may not assign or otherwise transfer any of its right, title or interest in, to or arising under this Pledge Agreement except in accordance with the provisions governing assignment by the Lender contained in the Loan Agreement. Upon the occurrence of a Discharge Event, the security interest granted herein shall terminate and all rights to the Collateral shall revert to the Pledgor. Upon the occurrence of any such Discharge Event, the Lender will, at the Pledgor's sole expense, deliver to the Pledgor, without any representations, warranties or recourse of any kind whatsoever (except a representation that it has not assigned the same), all certificates and instruments representing or evidencing all Pledged Shares and Pledged Notes, together with all other Collateral held by the Lender hereunder, and execute and deliver to the Pledgor such documents, releases and discharges as the Pledgor shall reasonably request to evidence such termination.

**2.7 Reinstatement of Agreement**

Notwithstanding the provisions of Section 2.6 hereof, this Agreement shall be reinstated if at any time following the termination of this Agreement under Section 2.6 hereof, the performance by the Pledgor hereunder or under any other Loan Document is set aside upon the insolvency, bankruptcy, reorganization, dissolution or liquidation of the Pledgor or otherwise. Such period of reinstatement shall continue until satisfaction of the conditions contained in, and shall continue to be subject to, the provisions of Sections 2.6 and 2.7 hereof.

**ARTICLE 3**

**REPRESENTATIONS AND WARRANTIES**

**3.1 Warranties, etc.**

The Pledgor represents and warrants to the Lender, as at the date of each pledge and delivery hereunder (including each pledge and delivery of Pledged Shares after the date hereof) by the Pledgor to the Lender of any Collateral, as set forth in this Article.

**3.2 Existence, etc.**

The Pledgor is duly incorporated or formed, continued or amalgamated, as the case may be, and validly existing under the laws of the Province of Ontario with the requisite corporate, partnership or other power to enter into this Pledge Agreement; this Pledge Agreement

has been duly authorized by all necessary corporate, partnership or other action on the part of the Pledgor and constitutes a legal and valid agreement binding of the Pledgor, enforceable in accordance with its terms, subject to Applicable Laws of general application affecting creditor rights and the discretion of the Governmental Authority in awarding equitable remedies; the making and performance of this Pledge Agreement will not result in the breach of, constitute a default under, contravene any provision of, or result in the creation of, any lien, charge, security interest, encumbrance or any other rights of others upon any property of the Pledgor pursuant to any agreement, indenture or other instrument to which the Pledgor is a party or by which the Pledgor or any of its property may be bound or affected.

**3.3 Ownership, No Liens, etc.**

The Pledgor is the legal and beneficial owner of, and has good and marketable title to (and has full right and authority to create the security interest, pledge and assign and to cause delivery of the Collateral) the Collateral, free and clear of all Liens, except any Lien granted pursuant hereto in favour of the Lender, or any Lien permitted by the Loan Agreement. As of the date of this Pledge Agreement, there is no existing agreement, option, warrant, right or privilege capable of becoming an agreement or option pursuant to which the Pledgor would be required to sell or otherwise dispose of any of the Collateral.

**3.4 Control.**

No Collateral is in the possession or control of any person asserting a claim thereto or security interest therein, except that the Lender or its nominee or a Securities Intermediary acting on its behalf may have possession or control of the Collateral.

**3.5 As to Pledged Shares.**

In the case of any Pledged Shares constituting Collateral, (a) all of such Pledged Shares are duly authorized and validly issued, fully paid, and non-assessable (in the case of shares of any corporation), and as of the date of this Agreement constitute such percentage of all of the issued and outstanding shares or partnership units of each such class of securities of each Pledged Share Issuer as set forth on Schedule A attached hereto, (b) there is no agreement, option, warrant, privilege or right pursuant to which the Pledgor may be required to sell or otherwise dispose of any of the Pledged Shares except in accordance with the Loan Agreement, and (c) the Pledgor has no direct Subsidiaries participating in its business other than the Pledged Share Issuers.

**3.6 Authorization, Approval, etc.**

Except for the consent of the boards of directors of the Pledgor and the Pledged Share Issuers, which have been obtained on or prior to the date hereof, no authorization, approval, or other action by, and no notice to or filing with, any Governmental Authority or any other Person is required either:

- (a) for the pledge by the Pledgor of any Collateral pursuant to this Pledge Agreement or for the execution, delivery, and performance of this Pledge Agreement by the Pledgor; or

- (b) for the exercise by the Lender of the voting or other rights provided for in this Pledge Agreement, or the remedies in respect of the Collateral pursuant to this Pledge Agreement except as may be required in connection with a disposition of the Collateral pledged hereunder by Applicable Laws affecting the offering and sale of securities generally.

## ARTICLE 4

### COVENANTS

#### **4.1 Protect Collateral; Further Assurances, etc.**

The Pledgor will not sell, assign, transfer, pledge or encumber in any other manner the Collateral (except in favour of the Lender hereunder, or except as permitted by the Loan Agreement). The Pledgor will warrant and defend the right and title herein granted unto the Lender in and to the Collateral (and all right, title, and interest represented by the Collateral) against the claims and demands of all Persons whomsoever. The Pledgor agrees that at any time, and from time to time, at the expense of the Pledgor, the Pledgor will promptly execute and deliver all further instruments and take all further action reasonably requested by the Lender that may be necessary in the opinion of the Lender in order to perfect and protect any security interest granted or purported to be granted hereby or to enable the Lender to exercise and enforce its rights and remedies hereunder with respect to any Collateral.

#### **4.2 Stock Powers, etc.**

The Pledgor agrees that all Pledged Shares (and all other shares of capital stock and partnership units constituting Collateral) delivered by the Pledgor pursuant to Section 2.4 hereof will be accompanied by duly executed undated blank stock powers, or other equivalent instruments of transfer acceptable to the Lender. The Pledgor will, from time to time upon the request of the Lender, promptly deliver to the Lender such stock powers, instruments, and similar documents, satisfactory in form and substance to the Lender, with respect to the Collateral as the Lender may reasonably request and will, from time to time upon the request of the Lender, promptly transfer any Pledged Shares or other shares of common stock constituting Collateral into the name of any nominee designated by the Lender.

#### **4.3 Continuous Pledge.**

Subject to Section 2.5 and Section 4.4 hereof, the Pledgor will, at all times, keep pledged to the Lender pursuant hereto, and shall deliver forthwith to the Lender, all Pledged Shares and all other shares of capital stock and partnership units constituting Collateral, all Dividends and Distributions with respect to the Pledged Shares, and all other Collateral and rights from time to time received by or distributable to the Pledgor in respect of any Collateral and will immediately duly pledge on a perfected basis, subject only to Permitted Liens, all capital stock and partnership units issued by any Pledged Share Issuer to the Pledgor.

**4.4 Voting Rights; Dividends, etc.**

The Pledgor agrees that after any Event of Default shall have occurred and be continuing:

- (a) it shall promptly, upon receipt thereof by the Pledgor and, without any request therefor by the Lender, deliver to the Lender all Dividends, Distributions, and all proceeds of the Collateral, all of which shall be held by the Lender as additional Collateral for use in accordance with Section 6.3;
- (b) the Lender may exercise (to the exclusion of the Pledgor) the voting power and all other incidental rights of ownership with respect to any Pledged Shares or other shares of capital stock and partnership units constituting Collateral and the Pledgor hereby grants to the Lender an irrevocable proxy, exercisable under such circumstances, to vote the Pledged Shares and such other Collateral; and
- (c) it shall promptly deliver to the Lender such additional proxies and other documents reasonably requested by the Lender that may be necessary, in the opinion of the Lender, to allow the Lender to realize such Dividends, Distributions or proceeds of Collateral or to exercise such voting power.

All Dividends, Distributions and proceeds which may at any time, and from time to time, be held by the Pledgor but which the Pledgor is then obligated to deliver to the Lender after an Event of Default has occurred and is continuing, shall, until delivery to the Lender, be held by the Pledgor separate and apart from its other property in trust for the Lender until delivery to the Lender. The Lender agrees that unless an Event of Default shall have occurred and be continuing, the Pledgor shall have the exclusive voting power with respect to any shares of capital stock and partnership units (including any of the Pledged Shares) constituting Collateral; provided, however, that no vote shall be cast, or consent, waiver, or ratification given, or action taken by the Pledgor that would be inconsistent with or violate any provision of the Loan Agreement or any other Loan Document (including this Pledge Agreement) or would have the effect of imposing any restriction on the transferability of any of the Collateral.

**4.5 Representations and Warranties.**

The Pledgor will ensure that the representations and warranties set forth in Article 3 will be true and correct at all times (except where expressly made only as of a specified date).

**ARTICLE 5**

**THE LENDER**

**5.1 Lender Appointed Attorney-in-Fact.**

The Pledgor hereby irrevocably appoints the Lender the Pledgor's attorney-in-fact with effect following the occurrence and during the continuance of an Event of Default, with full authority in the place and stead of the Pledgor and in the name of the Pledgor or otherwise, from

time to time in the Lender's discretion, to take any action and to execute any instrument which the Lender may reasonably deem necessary or advisable to accomplish the purposes of this Pledge Agreement, including without limitation:

- (a) to transfer any or all of the Pledged Property into the name of the Lender or its nominee;
- (b) to ask, demand, collect, sue for, recover, compromise, receive and give acquittance and receipts for moneys due and to become due under or in respect of any of the Collateral;
- (c) to receive, endorse, and collect any drafts or other instruments, documents and chattel paper, in connection with clause (a) above; and
- (d) to file any claims or take any action or institute any proceedings which the Lender may deem necessary or desirable for the collection of any of the Collateral or otherwise to enforce the rights of the Lender with respect to any of the Collateral.

The Pledgor hereby acknowledges, consents and agrees that the power of attorney granted pursuant to this Section is (until termination of the security interest granted hereunder upon the occurrence of a Discharge Event) irrevocable and coupled with an interest.

**5.2 Lender May Perform.**

If the Pledgor fails to perform any agreement contained herein, the Lender may itself perform, or cause performance of, such agreement, and the expenses of the Lender incurred in connection therewith shall be payable by the Pledgor pursuant to Section 6.4.

**5.3 Lender Has No Duty.**

The powers conferred on the Lender hereunder are solely to protect its interest in the Collateral and shall not impose any duty on it to exercise any such powers. Except for reasonable care of any Collateral in its possession and the accounting for moneys actually received by it hereunder, the Lender shall have no duty as to any Collateral or responsibility for:

- (a) ascertaining or taking action with respect to calls, conversions, exchanges, maturities, tenders or other matters relative to any Pledged Property, whether or not the Lender has or is deemed to have notice or knowledge of such matters; or
- (b) taking any necessary steps to preserve rights against prior parties or any other rights pertaining to any Collateral.

**5.4 Reasonable Care.**

The Lender is required to exercise reasonable care in the custody and preservation of any of the Collateral in its possession; provided, however, the Lender shall be deemed to have exercised reasonable care in the custody and preservation of any of the Collateral if it takes such action for that purpose as the Pledgor requests in writing, but failure of the Lender to comply



with any such request at any time shall not in itself be deemed a failure to exercise reasonable care.

## **ARTICLE 6**

### **REMEDIES**

#### **6.1 Certain Remedies.**

Upon the occurrence of an Event of Default that is continuing that has not been waived or cured, without limiting the rights of the Lender under or pursuant to this Pledge Agreement, the Loan Agreement, any other Loan Document or any other security provided by the Pledgor to the Lender pursuant to or in connection with the Loan Agreement or otherwise provided by Applicable Law, the Lender shall be entitled and shall have the authority by itself or through its agents (including, without limitation, any receiver or receiver and manager) to do any of the following:

(a) The Lender may exercise in respect of the Collateral, in addition to other rights and remedies provided for herein or otherwise available to it under Applicable Law or any other Loan Document (including the right to give entitlement orders, instructions or a notice of exclusive control to a Securities Intermediary subject to an Account Control Agreement or an issuer subject to an Issuer Control Agreement), all the rights and remedies of a secured party upon default under the PPSA and/or the STA (whether or not the PPSA or STA apply to the affected Collateral) and also may, without notice except as specified below, sell the Collateral or any part thereof in one or more parcels at public or private sale, at any of the Lender's offices or elsewhere, for cash, on credit or for future delivery, and upon such other terms as the Lender may deem commercially reasonable. The Pledgor agrees that, to the extent notice of sale shall be required by Applicable Law, at least fifteen days prior notice to the Pledgor of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. The Lender shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. The Lender may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned.

(b) The Lender may:

- (i) transfer all or any part of the Collateral into the name of the Lender or its nominee, with or without disclosing that such Collateral is subject to the Lien and security interest created hereunder;
- (ii) vote any of the Collateral (whether or not registered in the name of the Lender or its nominee) and give or withhold all consents, waivers and ratifications in respect thereof;
- (iii) notify the parties obligated on any of the Collateral to make payment to the Lender of any amount due or to become due thereunder;

- (iv) enforce collection of any of the Collateral by suit or otherwise, and surrender, release or exchange all or any part thereof, or compromise or extend or renew for any period (whether or not longer than the original period) any obligations of any nature of any party with respect thereto;
- (v) endorse any cheques, drafts, or other writings in the Pledgor's name to allow collection of the Collateral;
- (vi) take control of any proceeds of the Collateral; and
- (vii) execute (in the name, place and stead of the Pledgor) endorsements, assignments, stock powers and other instruments of conveyance or transfer with respect to all or any of the Collateral.

(c) The Lender may purchase any of the Collateral, whether in connection with a sale made under the power of sale herein contained or pursuant to judicial proceedings or otherwise and accept the Collateral in satisfaction of the Secured Obligations upon notice to the Pledgor of its intention to do so in the manner required by Applicable Law.

(d) The Lender may (i) grant extensions of time, (ii) take and perfect or abstain from taking and perfecting security, (iii) give up securities, (iv) accept compositions or compromises, (v) grant releases and discharges, and (vi) release any part of the Collateral or otherwise deal with the Pledgor, debtors of the Pledgor, sureties and others and with the Collateral and other security as the Lender sees fit without prejudice to the liability of the Pledgor to the Lender or the Lender's rights hereunder.

(e) The Lender will not be liable or responsible for any failure to seize, collect, realize, or obtain payment with respect to the Collateral and is not bound to institute proceedings or to take other steps for the purpose of seizing, collecting, realizing or obtaining possession or payment with respect to the Collateral or for the purpose of preserving any rights of the Lender, the Pledgor or any other person, in respect of the Collateral.

(f) The Lender may apply any proceeds of realization of the Collateral to payment of expenses in connection with the preservation and realization of the Collateral as above described and the Lender may, subject to the provisions of the Loan Agreement, apply any balance of such proceeds to payment of the Secured Obligations in such order as the Lender sees fit. If there is any surplus remaining, the Lender may pay it to any Person having a claim thereto in priority to the Pledgor of whom the Lender has knowledge and any balance remaining must be paid to the Pledgor.

## **6.2 Compliance with Restrictions.**

The Pledgor agrees that in any sale of any of the Collateral following an Event of Default that has occurred and is continuing, the Lender is hereby authorized to comply with any limitation or restriction in connection with such sale as it may be advised by counsel is necessary in order to avoid any violation of Applicable Law (including compliance with such procedures as may restrict the number of prospective bidders and purchasers, require that such prospective bidders and purchasers have certain qualifications, and restrict such prospective bidders and

purchasers to Persons who will represent and agree that they are purchasing for their own account for investment and not with a view to the distribution or resale of such Collateral), or in order to obtain any required approval of the sale or of the purchaser by any Governmental Authority or official, and the Pledgor further agrees that such compliance shall not result in such sale being considered or deemed not to have been made in a commercially reasonable manner, nor shall the Lender be liable nor accountable to the Pledgor for any discount allowed by the reason of the fact that such Collateral is sold in compliance with any such limitation or restriction.

**6.3 Application of Proceeds.**

All cash proceeds received by the Lender in respect of any sale of, collection from, or other realization upon, all or any part of the Collateral may, in the discretion of the Lender, be held by the Lender as additional collateral security for, or then or at any time thereafter be applied (after payment of any amounts payable to the Lender pursuant to the Loan Agreement) in whole or in part by the Lender against, all or any part of the Secured Obligations in such order as the Lender shall elect, subject to the provisions of the Loan Agreement. Any surplus of such cash or cash proceeds held by the Lender and remaining after payment and satisfaction in full of all the Secured Obligations, and the termination of all Commitments, shall be paid over to the Pledgor or to whomsoever may be lawfully entitled to receive such surplus.

**6.4 Indemnity and Expenses.**

The Pledgor hereby indemnifies and holds harmless the Lender from and against any and all claims, losses and liabilities arising out of or resulting from this Pledge Agreement (including enforcement of this Pledge Agreement), save and except for claims, losses and liabilities arising from the gross negligence or wilful misconduct of the Lender. Upon demand, the Pledgor will pay to the Lender the amount of any and all reasonable expenses, including the reasonable fees and disbursements of its counsel and of any Securities Intermediary, experts and agents, which the Lender may incur in connection with:

- (a) the administration of this Pledge Agreement;
- (b) the custody, preservation, use, or operation of, or the sale of, collection from, or other realization upon, any of the Collateral;
- (c) the exercise or enforcement of any of the rights of the Lender; or
- (d) the failure by the Pledgor to perform or observe any of the provisions hereof.

**ARTICLE 7**

**GENERAL**

**7.1 No Release.**

This Pledge Agreement shall remain in full force and effect without regard to, and the obligations of the Pledgor shall not be affected or impaired by:

- (a) any amendment, modification, replacement of or addition or supplement to the Loan Agreement, any other Loan Document or any other security provided the Lender;
- (b) any exercise or non-exercise of any right, remedy, power or privilege in respect of this Pledge Agreement, the Loan Agreement, any other Loan Document or any other security provided to the Lender;
- (c) any waiver, consent, extension, indulgence or other action, inaction or admission under or in respect of this Pledge Agreement, the Loan Agreement, any other Loan Document or any other security provided to the Lender;
- (d) any default by the Pledgor under, or any invalidity or unenforceability of, or any limitation of the liability of the Pledgor or on the method or terms of payment under, or any irregularity or other defect in the Loan Agreement, any other Loan Document or any other security provided to the Lender;
- (e) any merger, consolidation or amalgamation of the Pledgor into or with any other Person; or
- (f) any insolvency, bankruptcy, liquidation, reorganization, arrangement, composition, winding-up, dissolution or similar proceeding involving or affecting the Pledgor.

**7.2 No Partnership.**

Nothing herein contained shall be deemed or construed by the parties hereto or by any third party as creating the relationship of partnership or of joint venture among the Pledgor and the Lender, it being understood and agreed that none of the provisions herein contained or any acts of the Lender or of the Pledgor shall be deemed to create any relationship between the Lender and the Pledgor other than the relationship of assignee and pledgor.

**7.3 Rights and Remedies Cumulative.**

The rights and remedies given to the Lender hereunder shall be cumulative of and not substituted for any rights or remedies to which the Lender may be entitled under the Loan Agreement, any other Loan Document or any other security provided to the Lender pursuant to or in connection with any of the foregoing or at law and may be exercised whether or not the Lender has pursued or is then pursuing any other such rights and remedies. Nothing in this Pledge Agreement shall curtail or limit the remedies of the Lender as permitted by Applicable Law to a creditor, all such remedies being in addition to and not in substitution for any other rights of the Lender under this Pledge Agreement, the Loan Agreement, any other Loan Document or any other security provided to the Lender pursuant to or in connection with any of the foregoing.

**7.4 Time of Essence.**

Time shall be of the essence of this Pledge Agreement.

**7.5 Waiver.**

No consent or waiver, express or implied, by the Lender to or of any breach or default by the Pledgor in performance of its obligations hereunder shall be deemed or construed to be a consent or waiver to or of any other breach or default in the performance by the Pledgor hereunder. Failure on the part of the Lender to complain of any act or failure to act of the Pledgor or to declare the Pledgor in default, irrespective of how long such failure continues, shall not by itself constitute a waiver by the Lender of its rights hereunder. The Pledgor agrees that the *Land Contract (Actions) Act* (Saskatchewan) shall have no application to any action, as defined in that Act, with respect to this Agreement, and the *Limitation of Civil Rights Act* (Saskatchewan) shall have no application to this Agreement or any agreement renewing, extending or collateral to this Agreement.

**ARTICLE 8**

**MISCELLANEOUS PROVISIONS**

**8.1 Acknowledgement.**

The Pledgor acknowledges that value has been given by the Lender for the granting of the security interest granted herein, that the Pledgor has rights in the Pledged Property (other than future or hereafter acquired Pledged Property) and that the parties have not agreed to postpone the time for attachment of the security interest granted herein.

**8.2 Loan Document.**

This Pledge Agreement is a Loan Document executed pursuant to the Loan Agreement and shall (unless otherwise expressly indicated herein) be construed, administered and applied in accordance with the terms and provisions of the Loan Agreement.

**8.3 Amendments, etc.**

No amendment to or waiver of any provision of this Pledge Agreement nor consent to any departure by the Pledgor herefrom shall in any event be effective unless the same shall be in writing and signed by the Lender, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which it is given.

**8.4 Protection of Collateral.**

The Lender may from time to time, at its option, acting reasonably, perform any act which the Pledgor agrees hereunder to perform and which the Pledgor shall fail to perform after being requested in writing so to perform (it being understood that no such request need be given after the occurrence of an Event of Default) and the Lender may from time to time take any other action which the Lender reasonably deems necessary for the maintenance, preservation or protection of any of the Collateral or of its security interest therein.

**8.5 Addresses for Notices.**

Any notice or communication to be given under this Pledge Agreement to the Pledgor or the Lender shall be effective if given in accordance with the provisions of the Loan Agreement as to the giving of notice to each but using the address set forth below for the Pledgor, and the Pledgor and the Lender may change their respective address for notices in accordance with the said provisions.

**8.6 Section Captions.**

Section captions used in this Pledge Agreement are for convenience of reference only, and shall not affect the construction of this Pledge Agreement.

**8.7 Severability.**

Wherever possible each provision of this Pledge Agreement shall be interpreted in such manner as to be effective and valid under Applicable Law, but if any provision of this Pledge Agreement shall be prohibited by or invalid under such Applicable Law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Pledge Agreement.

**8.8 Conflicts.**

In the event of any conflict between the provisions hereunder and the provisions of the Loan Agreement then, notwithstanding anything contained herein, the provisions contained in the Loan Agreement shall prevail and the provisions of this Pledge Agreement will be deemed to be amended to the extent necessary to eliminate such conflict. If any act or omission of the Pledgor is expressly permitted under the Loan Agreement but is expressly prohibited hereunder, such act or omission shall be permitted. If any act or omission is expressly prohibited hereunder, but the Loan Agreement does not expressly permit such act or omission, or if any act is expressly required to be performed hereunder but the Loan Agreement does not expressly relieve the Pledgor from such performance, such circumstance shall not constitute a conflict between the applicable provisions hereunder and the provisions of the Loan Agreement.

**8.9 Governing Law, Entire Agreement, etc.**

This Pledge Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein. The Pledgor agrees that any suit, action or proceeding arising out of or relating to this Pledge Agreement against it or any of its assets may be brought in any court of the Province of Ontario and the parties hereto hereby irrevocably and unconditionally attorn and submit to the non-exclusive jurisdiction of such court over the subject matter of any such suit, action or proceeding. The Pledgor irrevocably waives and agrees not to raise any objection it might now or hereafter have to any such suit, action or proceeding in any such court including, without limitation, any objection that the place where such court is located is an inconvenient forum or that there is any other suit, action or proceeding in any other place relating in whole or in part to the same subject matter. The Pledgor agrees that any judgment or order in any such suit, action or proceeding brought in such a court shall be conclusive and binding upon it and consents to any such

judgment or order being recognized and enforced in the courts of its jurisdiction of incorporation or any other courts, by registration or homologation of such judgment or order, by a suit, action or proceeding upon such judgment or order, or any other means available for enforcement of judgments or orders. Nothing in this Section shall restrict the bringing of any such suit, action or proceeding in the courts of any other jurisdiction.

**8.10           Assignment.**

This Pledge Agreement shall enure to the benefit of and be binding upon each of the Lender and its respective successors and permitted assigns and the Pledgor and its successors and assigns; provided that the Pledgor shall not have the right to assign its obligations hereunder and the Lender may only assign its rights, title and interest in, to and arising under this Pledge Agreement in accordance with the provisions of the Loan Agreement concerning assignments and participations.

**8.11           Counterparts.**

This Pledge Agreement may be executed by one or more of the parties to this Pledge Agreement on any number of separate counterparts (including by telecopy or PDF), and all of said counterparts taken together shall be deemed to constitute one and the same instrument.


**8.12           Executed Copy.**

The Pledgor acknowledges receipt of a fully executed copy of this Pledge Agreement and, to the extent permitted by Applicable Law, waives all rights to receive from the Lender a copy of any financing statement, financing change statement, or verification statement, filed or issued at any time in respect of this Pledge Agreement. The Pledgor confirms its consent to the filing by the Lender or on its behalf of any financing statement or financing change statement filed or issued at any time in respect of this Pledge Agreement.

**[Signature page follows]**

**IN WITNESS WHEREOF**, the parties caused this Pledge Agreement to be duly executed and delivered as of the date first written above.

**JAMES E. WAGNER CULTIVATION LTD., as  
Pledgor**

By:   
Name: NATHAN WOODWORTH  
Title: PRESIDENT

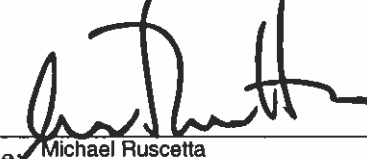
By: \_\_\_\_\_  
Name:  
Title:

Address:

Attention:  
Email:  
Fax:



**TRICHOME FINANCIAL CORP., as Lender**

By:   
Name: Michael Ruscetta  
Title: CEO

By: \_\_\_\_\_  
Name:  
Title:

## SCHEDULE A

### PLEDGED SHARES

<b>Pledged Share Issuer</b>	<b>Pledgor</b>	<b>Certificate No.</b>	<b>Number and Class of Shares Pledged</b>
JWC 1 Ltd.	James E. Wagner Cultivation Ltd.	C-1	100 common shares
JWC 2 Ltd.	James E. Wagner Cultivation Ltd.	C-1	100 common shares
JWC Supply Ltd.	James E. Wagner Cultivation Ltd.	C-1	100 common shares

### PLEDGED NOTES

**Nil.**



DLA Piper (Canada) LLP  
Suite 6000, 1 First Canadian Place  
PO Box 367, 100 King St W  
Toronto ON M5X 1E2  
www.dlapiper.com

Mackenzie Clark  
mackenzie.clark@dlapiper.com  
T 416.365.3513  
F 416.777.7433

February 21, 2019

FILE NUMBER: 036034-00028

**DELIVERED BY COURIER**

Frazer House  
Torys LLP  
79 Wellington St. W., 30th Floor, Box 270  
TD South Tower  
Toronto, ON M5K 1N2

Dear Frazer:

**Re: James E. Wagner Cultivation Corporation - Original Share Certificates and Stock Powers**

Please find enclosed the following documents which are being delivered pursuant to the loan agreement dated February 19, 2019 between, among others, James E. Wagner Cultivation Corporation and Trichome Financial Corp. and in connection with the share pledge agreements of James E. Wagner Cultivation Corporation and James E. Wagner Cultivation Ltd. entered into thereunder:

1. original share certificate C-1 representing 84,508,386 common shares of James E. Wagner Cultivation Ltd. registered to James E. Wagner Cultivation Corporation and original related stock power;
2. original share certificate C-1 representing 100 common shares of JWC 1 Ltd. registered to James E. Wagner Cultivation Ltd. and original related stock power;
3. original share certificate C-1 representing 100 common shares of JWC 2 Ltd. registered to James E. Wagner Cultivation Ltd. and original related stock power;
4. original share certificate C-1 representing 100 common shares of JWC Supply Ltd. registered to James E. Wagner Cultivation Ltd. and original related stock power; and
5. original share certificate C-1 representing 100 common shares of GrowthStorm Inc. registered to James E. Wagner Cultivation Corporation and original related stock power.

Please return a signed copy of this letter as acknowledgement of your receipt of the above-noted share certificates and stock powers to my attention by email at [mackenzie.clark@dlapiper.com](mailto:mackenzie.clark@dlapiper.com) or by fax at 416.777.7433.

Sincerely,  
DLA Piper (Canada) LLP  
Per:

Mackenzie Clark  
MC:mj



Enclosures

\*\*\*

**RECEIPT** is hereby acknowledged.

By:

TK

Name:

Fruze House

Title:

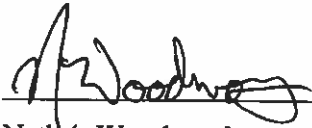
Associate

**STOCK POWER**

**FOR VALUE RECEIVED**, the undersigned, JAMES E. WAGNER CULTIVATION LTD., a corporation governed by the laws of the Province of Ontario ("**Pledgor**") does hereby sell, assign and transfer to \_\_\_\_\_ 100 common shares (the "**Equity Interest**") represented by Certificate No. C-1 in JWC SUPPLY LTD. ("**Issuer**"), standing in the name of Pledgor on the books of said Issuer. Pledgor does hereby irrevocably constitute and appoint \_\_\_\_\_, as attorney, to transfer the Equity Interest in said Issuer with full power of substitution in the premises.

**DATED:** \_\_\_\_\_

**JAMES E. WAGNER CULTIVATION LTD.**

By:  \_\_\_\_\_

Name: Nathan Woodworth

Title: President

**STOCK POWER**

**FOR VALUE RECEIVED**, the undersigned, JAMES E. WAGNER CULTIVATION LTD., a corporation governed by the laws of the Province of Ontario (“**Pledgor**”) does hereby sell, assign and transfer to \_\_\_\_\_ 100 common shares (the “**Equity Interest**”) represented by Certificate No. C-1 in JWC 2 LTD. (“**Issuer**”), standing in the name of Pledgor on the books of said Issuer. Pledgor does hereby irrevocably constitute and appoint \_\_\_\_\_, as attorney, to transfer the Equity Interest in said Issuer with full power of substitution in the premises.

**DATED:** \_\_\_\_\_

**JAMES E. WAGNER CULTIVATION LTD.**

By:  \_\_\_\_\_

Name: Nathan Woodworth

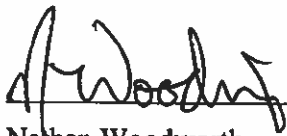
Title: President

**STOCK POWER**

**FOR VALUE RECEIVED**, the undersigned, JAMES E. WAGNER CULTIVATION LTD., a corporation governed by the laws of the Province of Ontario ("**Pledgor**") does hereby sell, assign and transfer to \_\_\_\_\_ 100 common shares (the "**Equity Interest**") represented by Certificate No. C-1 in JWC 1 LTD. ("**Issuer**"), standing in the name of Pledgor on the books of said Issuer. Pledgor does hereby irrevocably constitute and appoint \_\_\_\_\_, as attorney, to transfer the Equity Interest in said Issuer with full power of substitution in the premises.

**DATED:** \_\_\_\_\_

**JAMES E. WAGNER CULTIVATION LTD.**

By:  \_\_\_\_\_

Name: Nathan Woodworth

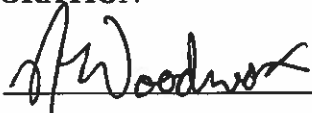
Title: President

**STOCK POWER**

**FOR VALUE RECEIVED**, the undersigned, JAMES E. WAGNER CULTIVATION CORPORATION, a corporation governed by the laws of the Province of Ontario ("**Pledgor**") does hereby sell, assign and transfer to \_\_\_\_\_ 84,508,386 common shares (the "**Equity Interest**") represented by Certificate No. C-1 in JAMES E. WAGNER CULTIVATION LTD. ("**Issuer**"), standing in the name of Pledgor on the books of said Issuer. Pledgor does hereby irrevocably constitute and appoint \_\_\_\_\_, as attorney, to transfer the Equity Interest in said Issuer with full power of substitution in the premises.

**DATED:** \_\_\_\_\_

**JAMES E. WAGNER CULTIVATION  
CORPORATION**

By:  \_\_\_\_\_

Name: Nathan Woodworth

Title: President and Chief Executive Officer



**STOCK POWER**

**FOR VALUE RECEIVED**, the undersigned, JAMES E. WAGNER CULTIVATION CORPORATION, a corporation governed by the laws of the Province of Ontario ("**Pledgor**") does hereby sell, assign and transfer to \_\_\_\_\_ 100 common shares (the "**Equity Interest**") represented by Certificate No. C-1 in GROWTHSTORM INC. ("**Issuer**"), standing in the name of Pledgor on the books of said Issuer. Pledgor does hereby irrevocably constitute and appoint \_\_\_\_\_, as attorney, to transfer the Equity Interest in said Issuer with full power of substitution in the premises.

**DATED:** \_\_\_\_\_

**JAMES E. WAGNER CULTIVATION  
CORPORATION**

By:   
Name: Nathan Woodworth  
Title: President

Certificate No. C-1  
For 84,508,386 Common Shares  
Issued to  
James E. Wagner Cultivation  
Corporation  
Dated June 7, 2018

From whom transferred  
Received Certificate No.  
for  
this day of  
Common Shares

AMALGAMATED UNDER THE LAWS OF THE PROVINCE OF ONTARIO

No. C-1  
***This is to Certify*** that  
is the registered holder of

JAMES E. WAGNER CULTIVATION LTD.  
84,508,386 Common Shares

JAMES E. WAGNER CULTIVATION CORPORATION  
84,508,386  
Common Shares of

JAMES E. WAGNER CULTIVATION LTD.

The class or series of shares represented by this certificate has rights, privileges, restrictions or conditions attached thereto and the corporation will furnish to the holder, on demand and without charge, a full copy of the text of,

(i) the rights, privileges, restrictions and conditions attached to the said shares and to each class authorized to be issued and to each series insofar as the same have been fixed by the directors, and

(ii) the authority of the directors to fix the rights, privileges, restrictions and conditions of subsequent series, if applicable.



**LIEN ON SHARES:** The Corporation is entitled to a lien upon the shares represented by this certificate to the extent of any indebtedness owing to the Corporation by the shareholders in whose name the shares are registered from time to time.

**RESTRICTIONS ON TRANSFER.** There are restrictions on the right to transfer the shares represented by this Certificate.

**IN WITNESS WHEREOF** the Corporation has caused this Certificate to be signed by its duly authorized officers this 7th day of June, 2018.

  
President - Nathan Woodworth

**CERTIFICATE  
FOR**

84,508,386

**COMMON  
SHARES OF**

JAMES E. WAGNER CULTIVATION LTD.

**ISSUED TO**

JAMES E. WAGNER CULTIVATION  
CORPORATION

**DATE**

June 7, 2018

For value received hereby assign and transfer unto

\_\_\_\_\_ Shares

represented by the within Certificate.

Dated

In the presence of \_\_\_\_\_

Certificate No. C-1  
For 100 Common Shares  
Issued to

James E. Wagner Cultivation Ltd.  
Dated January 1, 2019

From whom transferred  
100 from Treasury

Received Certificate No.  
for  
this day of  
Common Shares

INCORPORATED UNDER THE LAWS OF THE PROVINCE OF ONTARIO

No. C-1

100 Common Shares

JWC 1 LTD.

**This is to Certify** that

JAMES E. WAGNER CULTIVATION LTD.

is the registered holder of

100

Common Shares of

JWC 1 LTD.

The class or series of shares represented by this certificate has rights, privileges, restrictions or conditions attached thereto and the corporation will furnish to the holder, on demand and without charge, a full copy of the text of,

(i) the rights, privileges, restrictions and conditions attached to the said shares and to each class authorized to be issued and to each series insofar as the same have been fixed by the directors, and  
(ii) the authority of the directors to fix the rights, privileges, restrictions and conditions of subsequent series, if applicable.

**LIEN ON SHARES:** The Corporation is entitled to a lien upon the shares represented by this certificate to the extent of any indebtedness owing to the Corporation by the shareholders in whose name the shares are registered from time to time.

**RESTRICTIONS ON TRANSFER.** There are restrictions on the right to transfer the shares represented by this Certificate.

**IN WITNESS WHEREOF** the Corporation has caused this Certificate to be signed by its duly authorized officers this 1st day of January, 2019.



  
\_\_\_\_\_  
President - Nathan Woodworth

**CERTIFICATE  
FOR**

100

**COMMON  
SHARES OF**

JWC 1 LTD.

**ISSUED TO**

JAMES E. WAGNER CULTIVATION LTD.

**DATE**

January 1, 2019

For value received hereby assign and transfer unto

\_\_\_\_\_ Shares

represented by the within Certificate.

Dated

In the presence of \_\_\_\_\_

Certificate No. C-1  
For 100 Common Shares  
Issued to

From whom transferred  
100 from Treasury

Received Certificate No.  
for  
this day of  
Common Shares

James E. Wagner Cultivation Ltd.  
Dated January 1, 2019

INCORPORATED UNDER THE LAWS OF THE PROVINCE OF ONTARIO

No. C-1

100 Common Shares

JWC 2 LTD.

**This is to Certify** that

JAMES E. WAGNER CULTIVATION LTD.

is the registered holder of

Common Shares of

100

JWC 2 LTD.

The class or series of shares represented by this certificate has rights, privileges, restrictions or conditions attached thereto and the corporation will furnish to the holder, on demand and without charge, a full copy of the text of,

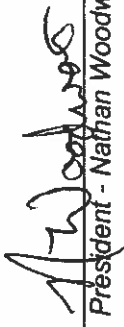
- (i) the rights, privileges, restrictions and conditions attached to the said shares and to each class authorized to be issued and to each series insofar as the same have been fixed by the directors, and
- (ii) the authority of the directors to fix the rights, privileges, restrictions and conditions of subsequent series, if applicable.

**LIEN ON SHARES:** The Corporation is entitled to a lien upon the shares represented by this certificate to the extent of any indebtedness owing to the Corporation by the shareholders in whose name the shares are registered from time to time.

**RESTRICTIONS ON TRANSFER.** There are restrictions on the right to transfer the shares represented by this Certificate.

**IN WITNESS WHEREOF** the Corporation has caused this Certificate to be signed by its duly authorized officers this 1st day of January, 2019.



  
President - Nathan Woodworth

**CERTIFICATE  
FOR**

100

**COMMON  
SHARES OF**

JWC 2 LTD.

**ISSUED TO**

JAMES E. WAGNER CULTIVATION LTD.

**DATE**

January 1, 2019

For value received hereby assign and transfer unto

\_\_\_\_\_ Shares

represented by the within Certificate.

Dated

In the presence of \_\_\_\_\_

Certificate No. C-1  
For 100 Common Shares  
Issued to

James E. Wagner Cultivation Ltd.  
Dated January 1, 2019

From whom transferred  
100 from Treasury

Received Certificate No.  
for  
this      day of  
Common Shares

INCORPORATED UNDER THE LAWS OF THE PROVINCE OF ONTARIO

No. C-1

100 Common Shares

JWC SUPPLY LTD.

**This is to Certify** that

JAMES E. WAGNER CULTIVATION LTD.

Common Shares of

is the registered holder of

100

JWC SUPPLY LTD.

The class or series of shares represented by this certificate has rights, privileges, restrictions or conditions attached thereto and the corporation will furnish to the holder, on demand and without charge, a full copy of the text of,

- (i) the rights, privileges, restrictions and conditions attached to the said shares and to each class authorized to be issued and to each series insofar as the same have been fixed by the directors, and
- (ii) the authority of the directors to fix the rights, privileges, restrictions and conditions of subsequent series, if applicable.

**LIEN ON SHARES:** The Corporation is entitled to a lien upon the shares represented by this certificate to the extent of any indebtedness owing to the Corporation by the shareholders in whose name the shares are registered from time to time.

**RESTRICTIONS ON TRANSFER.** There are restrictions on the right to transfer the shares represented by this Certificate.

**IN WITNESS WHEREOF** the Corporation has caused this Certificate to be signed by its duly authorized officers this 1st day of January, 2019.



  
\_\_\_\_\_  
President - Nathan Woodworth



**CERTIFICATE  
FOR**

100

**COMMON  
SHARES OF**

JWC SUPPLY LTD.

**ISSUED TO**

JAMES E. WAGNER CULTIVATION LTD.

**DATE**

January 1, 2019

For value received hereby assign and transfer unto

\_\_\_\_\_ Shares

represented by the within Certificate.

Dated

In the presence of \_\_\_\_\_

Certificate No. C-1  
For 100 Common Shares

Issued to

James E. Wagner Cultivation  
Corporation

Dated January 1, 2019

From whom transferred  
100 from Treasury

Received Certificate No.  
for this day of  
Common Shares

No. C-1

INCORPORATED UNDER THE LAWS OF THE PROVINCE OF ONTARIO

100 Common Shares

**GROWTHSTORM INC.**

***This is to Certify*** that  
is the registered holder of

JAMES E. WAGNER CULTIVATION CORPORATION

Common Shares of

100

**GROWTHSTORM INC.**

The class or series of shares represented by this certificate has rights, privileges, restrictions or conditions attached thereto and the corporation will furnish to the holder, on demand and without charge, a full copy of the text of,

- (i) the rights, privileges, restrictions and conditions attached to the said shares and to each class authorized to be issued and to each series insofar as the same have been fixed by the directors, and
- (ii) the authority of the directors to fix the rights, privileges, restrictions and conditions of subsequent series, if applicable.

**LIEN ON SHARES:** The Corporation is entitled to a lien upon the shares represented by this certificate to the extent of any indebtedness owing to the Corporation by the shareholders in whose name the shares are registered from time to time.

**RESTRICTIONS ON TRANSFER.** There are restrictions on the right to transfer the shares represented by this Certificate.

**IN WITNESS WHEREOF** the Corporation has caused this Certificate to be signed by its duly authorized officers this 1st day of January, 2019.

  
President - Nathan Woodworth

**CERTIFICATE  
FOR**

100

**COMMON  
SHARES OF**

GROWTHSTORM INC.

**ISSUED TO**

JAMES E. WAGNER CULTIVATION  
CORPORATION

**DATE**

January 1, 2019

For value received hereby assign and transfer unto

\_\_\_\_\_ Shares

represented by the within Certificate.

Dated

In the presence of \_\_\_\_\_

## LANDLORD CONSENT AND AGREEMENT

TO: James E. Wagner Cultivation Ltd. (together with its successors, by amalgamation or otherwise, and permitted assigns, the "**Tenant**")

AND TO: Trichome Financial Corp. (the "**Lender**")

RE: The loan agreement dated February 19, 2019 (the "**Loan Agreement**") between the Lender, and James E. Wagner Cultivation Corporation, as borrower (the "**Borrower**")

AND RE: Lease of premises located at 530 Manitou Drive, Kitchener, Ontario (the "**Property**")

DATE: February 19, 2019

WHEREAS pursuant to the amended and restated lease between Homer Land Corp. (together with its successors, by amalgamation or otherwise, and permitted assigns, the "**Landlord**") and the Tenant dated as of February 1, 2018 (the "**Lease**"), the Landlord leased to the Tenant the premises described in the Lease (the "**Leased Premises**");

AND WHEREAS as a condition to extending the loans and other financial accommodations to the Borrower under and in connection with the Loan Agreement, the Tenant has or will have granted in favour of the Lender, security interests in certain assets of the Tenant located in or about the Leased Premises (collectively, the "**Personal Property**") pursuant to certain security documentation (collectively, the "**Security Agreements**");

NOW THEREFORE, in consideration of the foregoing recitals and for other good and valuable consideration, the receipt and adequacy of which are acknowledged, the parties hereto agree as follows:

1. Landlord's Consent The Landlord consents to and acknowledges the Tenant's granting to the Lender security interests in the Personal Property, including a collateral assignment of the Tenant's interest in the Lease.
2. Lease The Lender (or the person appointed on each of its behalf) may take possession of the Leased Premises during the remainder of the unexpired term of the Lease (including any renewals provided for in it); provided that payment of rent and other money due under the Lease are made in accordance with the Lease and all other obligations of the Tenant under the Lease are complied with by the Lender, as applicable.
3. Notices under Lease The Landlord will deliver copies of any notices to the Tenant with respect to an event of default or an election by the Landlord to terminate the Lease to the Lender at the same time and in the same manner as the notice given by the Landlord to the Tenant, addressed to the Lender as set out below or such other address that the Lender may subsequently furnish to the Landlord. Notices to the Lender will be sent to its address at:

Trichome Financial Corp.

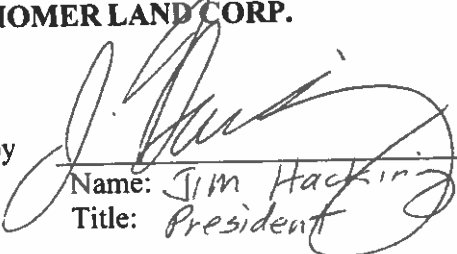
37 Bay Street, Suite 400  
Toronto, ON M5J 3B2

Attention: Michael Ruscetta  
Email: mruscetta@trichomefinancial.com

4. Default and Cure Rights If there is a default by the Tenant under the Lease, of which the Lender has received Notice from the Landlord, the Lender will have the right (but without an obligation) to cure any default of the Tenant under the Lease. If the default is of a nature that is not reasonably curable by the Lender (for example bankruptcy of the Tenant), then so long as the Lender complies with all provisions of the Lease requiring the payment of money by the Tenant and other covenants to be performed by the Lender, the Landlord will not terminate or vary the Lease or the rights of the Tenant under the Lease.
5. Amendments This Agreement may not be amended or terminated orally and is binding upon, and inures to the benefit of the Tenant, the Landlord, the Lender and each of their respective successors and assigns.
6. Governing Law This Agreement is governed by and will be construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.
7. Term This Agreement will remain in full force and effect until the earlier of (i) all obligations of the Tenant to the Lender have been paid and satisfied in full and the Loan Agreement has been terminated and (ii) termination of the Lease.
8. Successors and Assigns This Agreement shall bind and enure to the benefit of the Landlord and the Lender and each of their respective successors and assigns.
9. Paramountcy In the event of any inconsistency or conflict between the terms and conditions of this Agreement and the Lease, then the terms of this Agreement shall prevail.
10. Counterparts This Agreement may be executed in one or more counterparts and by facsimile or PDF e-mail signature, each of which so executed shall constitute an original and all of which together shall constitute one and the same agreement.

IN WITNESS WHEREOF the undersigned has executed this Agreement.

**HOMERLAND CORP.**

by   
Name: *Jim Hacking*  
Title: *President*

\_\_\_\_\_  
Name:  
Title:

**TRICHOME FINANCIAL CORP.**

By: \_\_\_\_\_  
Name:  
Title:

By: \_\_\_\_\_  
Name:  
Title:

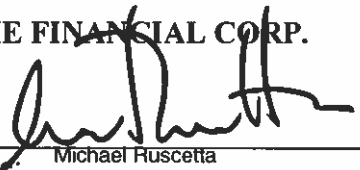
IN WITNESS WHEREOF the undersigned has executed this Agreement.

**HOMER LAND CORP.**

by \_\_\_\_\_  
Name:  
Title:

\_\_\_\_\_  
Name:  
Title:

**TRICHOME FINANCIAL CORP.**

By:   
Name: Michael Ruscetta  
Title: CEO

By: \_\_\_\_\_  
Name:  
Title:

## LANDLORD CONSENT AND AGREEMENT

TO: James E. Wagner Cultivation Ltd. (together with its successors, by amalgamation or otherwise, and permitted assigns, the "Tenant")

AND TO: Trichome Financial Corp. (the "Lender")

RE: The loan agreement dated February 19, 2019 (the "Loan Agreement") between the Lender, and James E. Wagner Cultivation Corporation, as borrower (the "Borrower")

AND RE: Lease of premises located at 855 Trillium Drive, Kitchener, Ontario (the "Property")

DATE: February 19, 2019

WHEREAS pursuant to the amended and restated lease Between Blue Top Properties (855 Trillium) Inc. (together with its successors, by amalgamation or otherwise, and permitted assigns, the "Landlord") and the Tenant dated as of December 13, 2013 (the "Lease"), the Landlord leased to the Tenant the premises described in the Lease (the "Leased Premises");

AND WHEREAS as a condition to extending the loans and other financial accommodations to the Borrower under and in connection with the Loan Agreement, the Tenant has or will have granted in favour of the Lender, security interests in certain assets of the Tenant located in or about the Leased Premises (collectively, the "Personal Property") pursuant to certain security documentation (collectively, the "Security Agreements");

NOW THEREFORE, in consideration of the foregoing recitals and for other good and valuable consideration, the receipt and adequacy of which are acknowledged, the parties hereto agree as follows:

1. Landlord's Consent The Landlord consents to and acknowledges the Tenant's granting to the Lender security interests in the Personal Property, including a collateral assignment of the Tenant's interest in the Lease.
2. Lease The Lender (or the person appointed on each of its behalf) may take possession of the Leased Premises during the remainder of the unexpired term of the Lease (including any renewals provided for in it); provided that payment of rent and other money due under the Lease are made in accordance with the Lease and all other obligations of the Tenant under the Lease are complied with by the Lender, as applicable.
3. Notices under Lease The Landlord will deliver copies of any notices to the Tenant with respect to an event of default or an election by the Landlord to terminate the Lease to the Lender at the same time and in the same manner as the notice given by the Landlord to the Tenant, addressed to the Lender as set out below or such other address that the Lender may subsequently furnish to the Landlord. Notices to the Lender will be sent to its address at:

Trichome Financial Corp.




37 Bay Street, Suite 400  
Toronto, ON M5J 3B2

Attention: Michael Ruscetta  
Email: mruscetta@trichomefinancial.com

4. **Default and Cure Rights** If there is a default by the Tenant under the Lease, of which the Lender has received Notice from the Landlord, the Lender will have the right (but without an obligation) to cure any default of the Tenant under the Lease. If the default is of a nature that is not reasonably curable by the Lender (for example bankruptcy of the Tenant), then so long as the Lender complies with all provisions of the Lease requiring the payment of money by the Tenant and other covenants to be performed by the Lender, the Landlord will not terminate or vary the Lease or the rights of the Tenant under the Lease.
5. **Amendments** This Agreement may not be amended or terminated orally and is binding upon, and inures to the benefit of the Tenant, the Landlord, the Lender and each of their respective successors and assigns.
6. **Governing Law** This Agreement is governed by and will be construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.
7. **Term** This Agreement will remain in full force and effect until the earlier of (i) all obligations of the Tenant to the Lender have been paid and satisfied in full and the Loan Agreement has been terminated and (ii) termination of the Lease.
8. **Successors and Assigns** This Agreement shall bind and enure to the benefit of the Landlord and the Lender and each of their respective successors and assigns.
9. **Paramountcy** In the event of any inconsistency or conflict between the terms and conditions of this Agreement and the Lease, then the terms of this Agreement shall prevail.
10. **Counterparts** This Agreement may be executed in one or more counterparts and by facsimile or PDF e-mail signature, each of which so executed shall constitute an original and all of which together shall constitute one and the same agreement.

IN WITNESS WHEREOF the undersigned has executed this Agreement.

**Blue Top Properties (855 Trillium) Inc.**

by   
Name: Larry Polyzetz  
Title: Director

\_\_\_\_\_  
Name:  
Title:

**TRICHOME FINANCIAL CORP.**

By: \_\_\_\_\_  
Name:  
Title:

By: \_\_\_\_\_  
Name:  
Title:

IN WITNESS WHEREOF the undersigned has executed this Agreement.

**BLUE TOP PROPERTIES (855  
TRILLIUM) INC.**

by \_\_\_\_\_  
Name:  
Title:

\_\_\_\_\_  
Name:  
Title:

**TRICHOME FINANCIAL CORP.**

By:   
\_\_\_\_\_  
Name: Michael Ruscetta  
Title: CEO

By: \_\_\_\_\_  
Name:  
Title:

*This is Exhibit ..... "F" ..... referred to in the*

*affidavit of ..... Nathan Woodworth .....  
sworn before me, this ..... 31<sup>st</sup> .....  
day of ..... March, 2020 .....  
.....*

**A COMMISSIONER FOR TAKING AFFIDAVITS**

## AMENDED AND RESTATED LOAN AGREEMENT

THIS AGREEMENT is made as of the 6<sup>th</sup> day of November, 2019

**B E T W E E N:**

**James E. Wagner Cultivation Corporation**, a corporation governed by the laws of the Province of Ontario;

(the “**Borrower**”)

- and -

**Trichome Financial Corp.**, a corporation governed by the laws of the Province of Ontario;

(the “**Lender**”)

- and -

each of the **Guarantors** (as defined below) party hereto;

### RECITALS:

- A. The Borrower, the Lender and the Guarantors are party to the loan agreement dated February 19, 2019 (the “**Original Loan Agreement**”), pursuant to which the Lender advanced the Initial Loan to the Borrower.
- B. The Borrower has requested the Lender to make available the Tranche 1 Loan and the Tranche 2 Loan for the purposes set out herein.
- C. The Borrower, the Lender and the Guarantors have agreed to amend and restate the Original Loan Agreement on the terms and conditions herein set forth.

**NOW THEREFORE THIS AGREEMENT WITNESSES** that, in consideration of the covenants and agreements herein contained, the parties hereto agree as follows:

### 1. INTERPRETATION

#### 1.1 Definitions

For the purposes of this Agreement:

“**Advance Date**” means, for each Loan, the date on which such Loan is advanced, which for clarity was the Closing Date for the Initial Loan;

“**Agreement**” means this amended and restated loan agreement and all schedules attached to this agreement, in each case as they may be amended or supplemented from time to time;

**“Amendment Date”** means the date on which the conditions set forth in Section 8.2 shall have been satisfied;

**“Amendment Date Shares”** means 984,208 common shares of the Borrower issued on the Amendment Date;

**“Amendment Date Warrants”** means common share purchase warrants of the Borrower dated the Amendment Date and exercisable at any time and from time to time until the date that is two years after the Amendment Date to purchase 1,696,385 common shares of the Borrower at a price per share equal to \$0.42;

**“AML Legislation”** means the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) and other applicable anti-money laundering, anti-terrorist financing, government sanction and “know your client” Applicable Laws, whether within Canada or, to the extent applicable to Borrower or any Guarantor, elsewhere, including any regulations, guidelines or orders thereunder;

**“Anti-Corruption Laws”** means the *Corruption of Foreign Public Officials Act* (Canada) and all other laws, rules, and regulations of any jurisdiction applicable to Borrower or any Obligor from time to time concerning or relating to bribery or corruption;

**“Applicable Law”** means, in respect of any Person, property, transaction or event, all applicable laws, statutes, rules, by-laws and regulations, and all applicable official directives, orders, judgments and decrees of Governmental Bodies;

**“Ball Construction Indebtedness”** means unsecured indebtedness owing by JWCL to Ball Construction Ltd. pursuant to the loan agreement dated as of February 20, 2019 for a maximum amount of \$3,602,012, subject to a subordination agreement in form and substance satisfactory to the Lender;

**“Borrower”** means James E. Wagner Cultivation Corporation, an Ontario corporation, and its successors;

**“Business Day”** means any day other than Saturday, Sunday on which banks are generally open for business in the Province of Ontario;

**“Cannabis Activities”** means any activities (including advertising or promotional activities) relating to or in connection with the possession, exportation, importation, cultivation, production, processing, purchase, distribution or sale of Cannabis products, whether such activities are for a medical, scientific, recreational or any other purpose. Notwithstanding the foregoing, the acquisition of services, assets, undertaking or property to facilitate such activities which are acquired or used in accordance with Applicable Laws shall not constitute “Cannabis Activities”;

**“Cannabis Laws”** means the *Cannabis Act* (Canada), the *Criminal Code* (Canada), and any other law, statute, rule or regulation in Canada or any other applicable jurisdiction (including any Province, Territory or other sub-jurisdiction) relating in any way to the production, cultivation, possession, storage, transportation, distribution, sale or use of cannabis and related substances and products, and including all regulations, official directives, orders, judgments and decrees promulgated under any of the foregoing;

**“Capital Raise”** means (i) an equity offering by the Borrower, (ii) subject to the Lender’s consent, in its sole discretion, a royalty arrangement, and (iii) subject to the Lender’s consent, in its sole discretion, and a subordination agreement, in form and substance satisfactory to the Lender, the issuance of unsecured subordinated debt by the Borrower, with proceeds of paragraphs (i), (ii) and (iii) above, in aggregate, of not less than \$4,000,000;

**“Change of Control”** means:

(i) any Person or Persons acting jointly or in concert (within the meaning of the *Securities Act* (Ontario)) acquires, together with all other voting shares held by such Person or Persons, beneficial ownership of over 50% of the outstanding voting shares of the Borrower or otherwise acquires power to elect a majority of the board of directors of the Borrower (the **“Board”**); or

(ii) the occupation of a majority of the seats (other than vacant seats) on the Board by Persons who were neither (a) nominated by the Board nor (b) appointed, approved or endorsed by members of the Board; or

(iii) any Subsidiary of the Borrower which is a Guarantor ceases to be a wholly-owned Subsidiary of the Borrower, except as otherwise permitted hereunder; or

(iv) the sale, transfer or other disposition of all or substantially all of the assets of the Borrower or any Guarantor;

or the Borrower or any of its Subsidiaries, as applicable, takes any actions to effect any of the foregoing;

**“Closing Date”** means February 19, 2019;

**“Closing Date Warrants”** means common share purchase warrants of the Borrower issued to the Lender on March 1, 2019 and exercisable at any time and from time to time until March 1, 2021 to purchase 291,667 common shares of the Borrower at a price per share equal to \$0.80;

**“Collateral”** means all presently owned and after-acquired property, assets and undertaking of the Borrower and the Guarantors that are subject, or intended to be subject, to the Liens created by the Security Documents;

**“Competitive Business”** means any Person that (i) is a competitor to the Borrower and/or any Obligor, including, any producer, cultivator, seller or distributor of cannabis, and/or (ii) is an applicant or, to the knowledge of the Lender, is likely to become an applicant, for a licence from Health Canada or any other Governmental Body, to be a producer, cultivator, seller or distributor of cannabis;

**“Control”** means, in respect of a particular Person, the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ability to exercise voting power, by contract or otherwise. **“Controlling”** and **“Controlled”** have meanings correlative thereto;

**“Current Assets”** means, with respect to any Person, as of any date of determination, all assets of such Person that, in accordance with GAAP, would at such date be classified as current assets on

the balance sheet of a Person, after deducting appropriate and adequate reserves therefrom in accordance with GAAP, (without duplication) as determined by the Borrower acting reasonably.

**“Current Liabilities”** means, with respect to any Person, as of any date of determination, all items (other than the Loans) that, in accordance with GAAP, would be classified on the balance sheet of such Person as current liabilities of such Person;

**“Default”** means any event or condition which, upon notice, lapse of time, or both, would constitute an Event of Default;

**“DSRA”** means (i) until the Lender has obtained Blocked Account Agreements reasonably satisfactory to the Lender in respect of all bank accounts of the Borrower and Guarantors, an account of the Lender into which debt service will be deposited and held by the Lender; and (ii) thereafter, a debt service reserve account in the name of the Borrower over which the Lender has exclusive dominion and control pursuant to a blocked account agreement reasonably satisfactory to the Lender, provided that the Lender will (subject to Section 6.1.22) consent to the withdrawal of funds from the DSRA by the Borrower if (i) no Default or Event of Default is then continuing or would occur as a result of such withdrawal, and (ii) the DSRA would remain Fully Funded after such withdrawal;

**“Environmental Laws”** means all Applicable Laws relating to (i) the protection of the environment, (ii) preservation or reclamation of natural resources, (iii) human health and safety as it relates to environmental matters, contaminants and hazardous substances, (iv) hazardous substances and contaminants, (v) the assessment of environmental and social impacts or (vi) the rehabilitation, reclamation and closure of lands used in connection with the Project;

**“Event of Default”** has the meaning attributed to such term in Section 9.1;

**“Factoring Agreement”** means a receivables purchase agreement dated October 23, 2019 between the Borrower, the Guarantors and Trichome Financial Corp. pursuant to which Trichome Financial Corp. agrees to finance and/or collect receivables of the Borrower;

**“First Nations”** means any first nations, Métis aboriginal person(s), tribe(s) and/or band(s) of Canada;

**“First Nations Claims”** means any written claims, assertions or demands, whether proven or unproven, made by any First Nations to the Borrower or any Guarantor or a Governmental Body and communicated in writing by such Governmental Body to the Borrower or any Guarantor, in respect of asserted or proven aboriginal rights, aboriginal title, treaty rights or any other aboriginal interest in or to all or any portion of the Project or any real property on which the Project is located;

**“First Nations Information”** means any and all documentation in the possession of the Borrower and Guarantors, including any documentation in electronic form, which the Borrower acting in good faith, reasonably determines to be material, to any (i) First Nations Claims; (ii) any First Nations making any First Nations Claims, and (iii) issuance of authorizations by Governmental Bodies in relation to any First Nations Claims or First Nations groups in relation to the Project or any real property on which the Project is located;

**“Fully Funded”** on any date means that the DSRA is funded with cash in an amount equal to the interest (based on the Interest Rate) on the then outstanding principal amount of each Loan that



will be payable from such date until, (i) prior to the Advance of the Tranche 2 Loan, the 6 month anniversary of the Amendment Date, and (ii) following the Advance of the Tranche 2 Loan, the 9 month anniversary of the Advance Date of the Tranche 2 Loan;

“**GAAP**” means generally accepted accounting principles in effect from time to time in Canada and applied on a consistent basis;

“**Governmental Body**” means any domestic or foreign federal, provincial, regional, state, municipal or other government, governmental department, agency, authority or body (whether administrative, legislative, executive or otherwise), court, tribunal, commission or commissioner, bureau, minister or ministry, board or agency, or other regulatory authority, including any securities regulatory authorities or stock exchange;

“**GSA**” has the meaning set forth in section 4.1(a);

“**Guarantors**” means, as of the date hereof, JWCL, JWC 1 Ltd., JCW 2 Ltd., JWC Supply Ltd. and GrowthStorm Inc., any other wholly-owned (directly or indirectly) Subsidiary of the Borrower, and any other Person that from time to time provides in favour of the Lender a guarantee of the Obligations in form and substance satisfactory to the Lender, including by way of becoming a party hereto as a guarantor;

“**Health Canada Licenses**” means all Material Authorizations related to cannabis and issued by Health Canada, including Material 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 and LIC-GHASXLI39D-2019;

“**Initial Loan**” has the meaning given to such term in Section 2.1.1;

“**Initial Loan Set-Up Fee**” means a fee in the amount of \$105,000;

“**Interest Payment Date**” has the meaning given to such term in Section 3.1;

“**Interest Period**” means each period of one calendar month, commencing on the Closing Date, provided however, for the first Interest Period following the Amendment Date, the Interest Period shall be from and including the Amendment Date to and excluding November 15, 2019, provided further, if an Interest Period would otherwise expire on a day that is not a Business Day, such Interest Period shall expire on the next succeeding Business Day;

“**Interest Rate**” means 9.25% per annum;

“**JWCL**” means James E. Wagner Cultivation Ltd. and its successors and permitted assigns;

“**Lender**” means Trichome Financial Corp. and its successors and assigns;

“**License Impairment**” means any (i) termination, suspension, revocation or non-renewal of any Health Canada License held by the Obligors, or (ii) the imposition by way of sanction or punishment of any geographical or quantitative limitation, material fine or other material impairment in respect of any Health Canada License held by the Obligors;

**“Lien”** means any lien, pledge, assignment, charge, security interest, hypothec, levy, execution, seizure, attachment, garnishment or other similar encumbrance;

**“Loan Documents”** means this Agreement, the Security Documents and any other agreements executed and delivered from time to time (both before and after the date of this Agreement) to the Lender by the Borrower and the Guarantors in connection with the Original Loan Agreement or this Agreement, in each case as amended, restated or replaced from time to time;

**“Loans”** means the Initial Loan, the Tranche 1 Loan and the Tranche 2 Loan;

**“Manitou Project”** means the construction of phases 1, 2 and 3 of the Manitou facility located at 530 Manitou Drive, Kitchener, Ontario, N2C 1L3, in accordance with the Project Plans.

**“Material Authorization”** means the Health Canada Licenses and any other authorization, approval, consent, exemption, license, grant, permit, franchise, right, privilege or no-action letter from any Governmental Body having jurisdiction with respect to any specified Person, property, transaction or event, or with respect to any of such Person’s property or business and affairs (including any zoning approval, development permit or building permit), the failure of which to be obtained or held would prohibit or reasonably be expected to materially and adversely affect the ability of the Borrower and Guarantors to conduct their business as presently conducted and planned to be conducted;

**“Material Contract”** means any contract or agreement of the Borrower or Guarantors (i) which involves potential revenue or expenditure in excess of \$350,000 in any fiscal year, or (ii) the loss, termination or non-renewal of which would reasonably be expected to result in a Material Adverse Effect;

**“Material Adverse Effect”** means a material adverse effect upon (i) the financial condition, assets, business, future prospects or operations of the Borrower and the Guarantors, taken as a whole, (ii) their ability to perform their obligations under this Agreement, the Factoring Agreement or any Security Document, (iii) the Collateral, or (iv) any Health Canada License held by the Obligor or the Borrower’s ability to retain, utilize, exploit or comply with its obligations under, any Health Canada License held by the Obligor;

**“Maturity Date”** means, (i) in the case of the Initial Loan, February 19, 2021 and (ii) in the case of the Tranche 1 Loan and the Tranche 2 Loan, November 6, 2021;

**“Minimum Liquidity Ratio”** means 1.0:1;

**“Obligations”** means all indebtedness, liabilities and other obligations of the Borrower to the Lender hereunder, or under any other Loan Documents, whether actual or contingent, direct or indirect, matured or not, now existing or arising hereafter;

**“Obligors”** means the Borrower and the Guarantors;

**“Original Loan Agreement”** has the meaning attributed to it in the recitals;

**“Participants”** has the meaning given to such term in Section 10.2;

**“Payment Direction for Tranche 1”** means an irrevocable direction from the Borrower to the Lender instructing the Lender to fund the proceeds of the Tranche 1 Loan (net of the deductions

set out therein and below) in accordance with the instructions thereof, which such instructions shall specify, among other things, that the following amounts shall be netted from the proceeds of the advance of the Tranche 1 Loan: (a) the applicable original issue discount referred to in Section 2.2, (b) the applicable Set-Up Fee, (c) amounts owing pursuant to Section 3.2.1 of this Agreement which shall be paid directly to Lender's counsel and (d) applicable amounts required to be deposited into the DSRA in accordance with Section 6.1.22 which shall be deposited directly into such account by the Lender;

**"Payment Direction for Tranche 2"** means an irrevocable direction from the Borrower to the Lender instructing the Lender to fund the proceeds of the Tranche 2 Loan (net of the deductions set out therein and below) in accordance with the instructions thereof, which such instructions shall specify, among other things, that the following amounts shall be netted from the proceeds of the advance of the Tranche 2 Loan: (a) the applicable original issue discount referred to in Section 2.2, (b) amounts owing pursuant to Section 3.2.1 of this Agreement which shall be paid directly to Lender's counsel and (c) applicable amounts required to be deposited into the DSRA in accordance with Section 6.1.22 which shall be deposited directly into such account by the Lender;

**"Permitted Encumbrances"** means:

- (a) Liens granted to the Lender;
- (b) Liens granted, or deemed to be granted, pursuant to the Factoring Agreement;
- (c) pledges, deposits and Liens under any leases, worker's compensation laws, unemployment insurance laws or similar legislation; good faith deposits in connection with bids, tenders and contracts (other than for the payment of debt); deposits of cash or bonds or other direct obligations of the United States, Canada or any Canadian province to secure surety or appeal bonds or deposits as security for import duties or for the payment of rents;
- (d) Liens imposed by law, such as carriers', warehousemen's and mechanics' liens or other liens arising out of Applicable Law or judgments or awards with respect to which an appeal or other proceeding for review is being prosecuted (and as to which any foreclosure or other enforcement proceeding shall have been effectively stayed);
- (e) Liens for taxes, assessments and government charges and levies not yet subject to penalties for non-payment or which are being contested in good faith and by appropriate proceedings (and as to which foreclosure or other enforcement proceedings shall have been effectively stayed);
- (f) securities to public utilities or to any governmental authority when required by the utility or other authority in connection with the supply of services or utilities to the Borrower or other Obligor;
- (g) undetermined or inchoate Liens, arising or potentially arising under statutory provisions which have not at the time been filed or registered in accordance with Applicable Law or of which written notice has not been duly given in accordance with Applicable Law or which, although filed or registered, relate to obligations not due or delinquent;
- (h) mortgages on real property in connection with the "affiliate" program carried on by the Borrower and the other Obligor, pursuant to which program, among other things, the Borrower and/or the other Obligor may license intellectual property, provide services and advice and provide facility leasing opportunities, to Persons in exchange for certain

payments as may be agreed by the Borrower from time to time, provided that such mortgage (i) is on real property acquired by the Borrower or other Obligors after the Closing Date, (ii) has no recourse to any other Collateral, and (iii) is on market terms for mortgage similar in size and nature; or

(i) Liens consented to by the Lender in writing;

**“Person”** means any individual, corporation, company, partnership, unincorporated association, trust, joint venture, estate or other judicial entity or any Governmental Body;

**“Prepayment Factor”** means, for each Loan: (a) 0.075, minus (b) 0.003125 multiplied by the number of full months that have passed since the applicable Advance Date for such Loan;

**“Prepayment Premium”** means, for each Loan, an amount equal to the applicable Prepayment Factor multiplied by the amount of such Loan being prepaid;

**“Proceedings”** has the meaning attributed thereto in Section 5.1.8;

**“Project”** means the development, construction and operation of the cannabis indoor cultivation facilities to be located at 855 and 866 Trillium Drive, Kitchener, Ontario, N2R 1J9 and 530 Manitou Drive, Kitchener, Ontario, N2C 1L3;

**“Project Plans”** means the plans for the development, construction and operation of the Project, as may be amended from time to time to the extent permitted hereunder, which includes a construction budget that outlines planned construction and capital expenditures in connection with the Manitou Project;

**“Responsible Person”** means with respect to any Obligor holding a Health Canada License, its person designated as such for the purpose of the Cannabis Act and the regulations relating to the Cannabis Act;

**“Sanctioned Entity”** means (a) a country or a government of a country, (b) an agency of the government of a country, (c) an organization directly or indirectly controlled by a country or its government, or (d) a Person resident in or determined to be resident in a country, in each case, that is subject to a Sanction administered and enforced by any Canadian Governmental Body;

**“Sanctioned Person”** means any Person listed in any sanctions-related list of designated Persons maintained by any Canadian Governmental Body;

**“Sanctions”** means economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by any Canadian Governmental Body;

**“Tranche 2 Date Shares”** means a number of common shares of the Borrower equal to the product of \$1,092,500 multiplied by 0.1487, such product divided by the closing price per common share of the Borrower on the TSXV on the last trading day preceding the Advance Date of the Tranche 2 Loan, to be issued on the Advance Date of the Tranche 2 Loan;

**“Tranche 2 Date Warrants”** means common share purchase warrants of the Borrower dated the Advance Date of the Tranche 2 Loan and exercisable at any time and from time to time until the date that is two years after the Amendment Date to purchase a number of common shares of the Borrower equal to the product of \$1,092,500 multiplied by 0.2563, such product divided by the closing price per common share of the Borrower on the TSXV on the last trading day preceding

the Advance Date of the Tranche 2 Loan (being referred to in this definition as the “**Tranche 2 Date Warrant Price**”). The Tranche 2 Date Warrants shall be exercisable at a price per share equal to the Tranche 2 Date Warrant Price *plus* a 5% premium;

“**Securities Laws**” means the *Securities Act* (Ontario), as amended, the *Securities Act* (Alberta), as amended, and the *Securities Act* (British Columbia), as amended, in each case including the regulations thereto and all national or multinational instruments, policies, rules, orders, codes, notices and interpretation notes adopted by securities regulators in British Columbia, Alberta and Ontario;

“**Security Documents**” means the agreements and instruments listed in Section 4.1 and any other agreements and instruments delivered from time to time (both before and after the date of this Agreement) by the Borrower or any Guarantor to the Lender for the purpose of securing payment or performance of the Obligations, in each case as confirmed, amended, restated or replaced from time to time;

“**Set-Up Fee**” means a fee in the amount of \$60,000;

“**Subsidiary**” means, at any time, as to any Person, any other Person, if at such time (a) the first mentioned Person owns, directly or indirectly, securities or other ownership interests in such other Person, having ordinary voting power to elect a majority of the board of directors or persons performing similar functions for such other Person, or (b) in the case of any general partnership or trust, the first mentioned Person owns directly or indirectly more than a 50% interest in the profits or capital of such other Person, or (c) in the case of a limited partnership, the first mentioned Person owns, directly or indirectly, securities or other ownership interests in the Person which is the general partner of such other Person, having ordinary voting power to elect a majority of the board of directors or persons performing similar functions for such general partner, and shall include any other Person in like relationship to a Subsidiary of such first mentioned Person;

“**Surplus Working Capital**” at any time (i) up to and including February 4, 2020, means Current Assets at such time minus Current Liabilities at such time, and (ii) after February 4, 2020, means Current Assets (other than biological assets and prepaids) at such time minus Current Liabilities at such time;

“**Surplus Working Capital to Loan Ratio**” means at any time, the ratio of (i) the Surplus Working Capital at such time to (ii) the principal amount of the Loans at such time less (x) the amount of the original issue discount that has been deducted pursuant to Section 2.2, (y) the amount of the Set-Up Fee, and (z) the expenses of the Lender reimbursed by the Borrower pursuant to Section 3.2.1;

“**Tranche 1 Loan**” has the meaning given to such term in Section 2.1.2;

“**Tranche 2 Loan**” has the meaning given to such term in Section 2.1.3;

“**TSXV**” means the TSX Venture Exchange or, if the context requires from time to time, any other securities exchange on which any securities of the Borrower are then listed and posted for trading;

“Warrants” means, collectively, the Closing Date Warrants, the Amendment Date Warrants and the Tranche 2 Date Warrants.

**1.2 Invalidity, etc.**

Each of the provisions contained in this Agreement 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.

**1.3 Currency**

All monetary amounts in this Agreement are stated in Canadian dollars.

**1.4 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.

**1.5 This Agreement to Govern**

If there is any inconsistency between the terms of this Agreement and the terms of any other Loan Document, the provisions hereof shall govern to the extent of the inconsistency.

**1.6 Amendment and Restatement**

This Agreement amends and restates the Original Loan Agreement in its entirety from and after the date hereof. For greater certainty, (a) this Agreement does not constitute a novation of the Original Loan Agreement or any of the obligations of the Obligors thereunder or of any of the obligations of the Obligors under any other Loan Documents, (b) such amendment and restatement does not affect the rights of any party in respect of any security granted pursuant to or in connection with the Original Loan Agreement, (c) all references to the Original Loan Agreement in any agreement, document, certificate, instrument or writing delivered by any party hereto in connection with the Original Loan Agreement shall be deemed to refer to this Agreement. The amendment and restatement of the Original Loan Agreement shall not be construed to discharge or otherwise affect any “Obligations” (as defined in the Original Loan Agreement) of the Obligors accrued or otherwise owing under the Original Loan Agreement that are not repaid on the Amendment Date, it being understood that “Obligations” (as defined in the Original Loan Agreement) shall continue as Obligations hereunder; and (d) all interest accrued up to the Amendment Date shall be due and payable on the Amendment Date.

**2. THE LOANS**

**2.1 The Loans**

Subject to the terms and conditions of this Agreement, the Lender hereby agrees to lend to the Borrower the following:

2.1.1 \$3,500,000 (the “Initial Loan”) by way of one cash advance to the Borrower’s bank account pursuant to wire instructions to be provided by the Borrower to the Lender. The Initial Loan was advanced upon satisfaction of the conditions set forth in Section 8.1. The proceeds of the Initial Loan have been used by the Borrower to finance the Project, approximately \$1,400,000 for HVAC equipment and approximately

\$900,000 for payment of invoices to Ball Construction Inc., and the remainder for working capital purposes of the Borrower and Guarantors.

2.1.2 \$2,850,000 (the “**Tranche 1 Loan**”) by way of one cash advance to the Borrower in accordance with the Payment Direction for Tranche 1. The Tranche 1 Loan will be advanced upon satisfaction of the conditions set forth in Section 8.2. The proceeds of the Tranche 1 Loan (a) shall be used to further fund the Manitou Project, operating expenses, capital expenditures, operating and working capital needs, (b) as to \$142,500.00 shall be applied to the original issue discount in accordance with Section 2.2, (c) as to \$131,812.50 shall be held for the DSRA in accordance with Section 6.1.22 and, and (d) as to \$60,000 shall be applied to the Set-Up Fee.

2.1.3 \$1,150,000 (the “**Tranche 2 Loan**”) by way of one cash advance to the Borrower in accordance with the Payment Direction for Tranche 2. The Tranche 2 Loan will be advanced upon satisfaction of the conditions set forth in Section 8.3. The proceeds of the Tranche 2 Loan shall be used for operating needs of which approximately \$940,603.60 shall be used for operating and working capital items, \$57,000 shall be applied to the original issue discount in accordance with Section 2.2, and \$151,896 shall be held in DSRA in accordance with Section 6.1.22.

## 2.2 **Original Issue Discount**

The advance of each Loan shall be made to the Borrower at an original issue discount of 5%, which original issue discount shall not be a credit against the interest payable at the Interest Rate pursuant to Section 3.1 but shall constitute additional interest paid in advance, which additional interest represents an annual interest rate for the purposes of the *Interest Act* (Canada) on the applicable Loan equal to 5% divided by the number of days from the Advance Date of such Loan to the applicable Maturity Date multiplied by 365.

## 2.3 **Repayment on Maturity**

The outstanding principal amount of each Loan, together with all accrued and unpaid interest and other amounts payable under this Agreement, shall be due and payable in full on the applicable Maturity Date.

## 2.4 **Not Revolving**

Each Loan shall not revolve and all prepayments of each Loan shall constitute permanent reductions of the principal amount of the applicable Loan and may not be reborrowed.

## 2.5 **Evidence of Obligations**

The Lender shall maintain an account evidencing the indebtedness and liabilities of the Borrower hereunder and the amounts of principal, interest and other amounts owing and paid from time to time hereunder. In any legal action or proceeding in respect of this Agreement, the entries made in such account shall be conclusive evidence of the existence and amounts of the obligations of the Borrower therein recorded, absent manifest error.

## 2.6 Manner of Payment

All payments of principal, interest or other amounts payable hereunder by the Borrower shall be made on the dates specified herein (which if not a Business Day, shall be the next following Business Day) by means of electronic funds transfer (unless otherwise stipulated) into an account of the Lender specified by the Lender or in such other manner as the Lender may from time to time specify to the Borrower.

## 2.7 Mandatory Prepayment of the Loans

In the event of a Change of Control, the outstanding principal balance of all Loans plus the Prepayment Premium applicable to such Loans, and any and all accrued and unpaid interest, shall be immediately due and payable to the Lender.

## 2.8 Voluntary Prepayment of the Loans

When not in default of any of the terms, covenants, conditions, or provisions of this Agreement, the Borrower shall have the privilege, upon 30 days prior notice, of voluntarily prepaying the Loans in whole or in part at any time, together with the applicable Prepayment Premium, provided that the Borrower shall concurrently pay to the Lender all accrued and unpaid interest on the amount being prepaid.

## 2.9 Application of Prepayments

Any amounts prepaid may not be reborrowed. All amounts prepaid shall be applied firstly to pay outstanding fees and expenses, secondly to reduction of the accrued and unpaid interest then outstanding, thirdly in reduction of the principal amount of the Tranche 2 Loan then outstanding, fourthly in reduction of the principal amount of the Tranche 1 Loan then outstanding, and thereafter in reduction of the principal amount of the Initial Loan then outstanding.

# 3. INTEREST, FEES AND EXPENSES

## 3.1 Interest

The outstanding principal amount of each Loan shall bear interest at the Interest Rate from the applicable Advance Date to the date of repayment in full of such Loan. Interest shall accrue from day to day in respect of each Interest Period from and including the first day of each Interest Period, to but excluding the last day of such Interest Period, and shall be calculated on the basis of the number of days elapsed and on the basis of a year of 365 or 366 days, as the case may be, and shall be paid to the Lender in arrears on the last day of each Interest Period (the “**Interest Payment Date**”), provided that if such day is not a Business Day, such payment will be made on the next following Business Day.

## 3.2 Payment of Costs and Expenses

Whether or not any of the Loans are advanced, the Borrower shall pay to the Lender:

3.2.1 on the Amendment Date, or if the Tranche 1 Loan is not advanced, on demand, all of the reasonable fees, expenses and disbursements of the Lender and counsel to the Lender incurred in connection with the preparation, negotiation, delivery and registration of the Loan Documents; and



3.2.2 following the Amendment Date, on demand by the Lender, all other reasonable costs and expenses of the Lender and its agents from time to time in connection with the Loans, including:

3.2.2.1 any actual or proposed amendment of or supplement to any of the Loan Documents or any waiver thereunder;

3.2.2.2 the defence, establishment, protection or enforcement of any of the rights or remedies of the Lender under any of the Loan Documents; and

3.2.2.3 the termination of the Loan Documents and any registrations relating to Security Documents upon repayment of the Loans;

including, without limitation, all of the reasonable fees and disbursements of counsel to the Lender incurred in connection therewith.

### 3.3 Indemnity

The Borrower shall indemnify the Lender for all losses, costs, expenses, damages and liabilities which the Lender may sustain or incur as a consequence of any default by the Borrower or any Guarantor (i) hereunder, or (ii) under any other Loan Document. A certificate of the Lender reasonably setting forth the amounts necessary to indemnify the Lender in respect of such losses, costs, expenses, damages or liabilities shall be conclusive evidence of the amounts owing under this Section 3.3, absent manifest error acting reasonably.

### 3.4 Unpaid Amounts

Any unpaid amounts owing to the Lender by the Borrower pursuant to paragraphs 3.2 or 3.3 shall, at the option of the Lender, bear interest at the Interest Rate from the date on which payment is required to be made until paid in full.

## 4. SECURITY

### 4.1 Security

As security in favour of the Lender for the Obligations, the Borrower shall have or will deliver to the Lender:

- (a) a general security agreement by the Borrower and each Guarantor (the "GSA");
- (b) a pledge by the Borrower and each Guarantor of all shares held by each of them in each Guarantor;
- (c) an assignment of material contracts and licenses by the Borrower and each Guarantor;
- (d) a blocked account agreement in respect of all bank accounts of the Borrower and Guarantors (the "**Blocked Account Agreements**"), provided however, the Lender shall only deliver an activation notice to any or all account banks party to any Blocked Account Agreement upon an Event of Default; or
- (e) customary landlord waivers from the landlord of each leased real property of the Borrower and Guarantors;

- (f) an assignment of insurance by the Borrower and each Guarantor;
- (g) subordination and postponement agreement between the Lender and Ball Construction Inc. in connection with the Ball Construction Indebtedness;
- (h) a mortgage in respect of all owned real property, if applicable; and
- (i) such other security documents as the Lender may at any time reasonably request for the purposes of granting, protecting or ensuring a first- ranking (subject only to Permitted Encumbrances) perfected Lien in favour of the Lender in all assets and property of the Borrower and Guarantors;

each of which shall be executed and delivered in form and substance satisfactory to the Lender, acting reasonably, and the Liens created thereby perfected as first ranking Liens subject to Permitted Encumbrances in all jurisdictions reasonably required by the Lender.

#### **4.2 Security Effective Notwithstanding Date of Advance**

The Liens created under any of the Security Documents shall be effective and the undertakings in the Loan Documents in respect thereto shall be continuing, whether the Loans or any part thereof shall be advanced before or after or at the same time as the creation of any such Liens or before or after or upon the date of execution of this Agreement. The Security Documents listed in Section 4.1 shall constitute continuing security to the Lender for the Obligations from time to time.

#### **4.3 Confirmation of Security**

Each of the Borrower and the Guarantors acknowledges, confirms and agrees that on and after the Amendment Date, all guarantees and Security Documents granted by it in favour of the Lender in connection with the Original Loan Agreement continues in full force and effect, enforceable in accordance with its terms, and secures payment and performance by it of all Obligations notwithstanding the amendment and restatement of the Original Loan Agreement.

#### **4.4 Further Assurances - Security**

The Borrower shall execute and deliver to the Lender such other, additional or supplemental security agreements, instruments and financing statements as the Lender may at any time or from time to time hereafter reasonably request in connection with its Lien over the Collateral, in each case in form and substance reasonably satisfactory to the Lender.

### **5. REPRESENTATIONS AND WARRANTIES**

#### **5.1 Representations and Warranties**

The Borrower and each Guarantor represents and warrants to the Lender as follows:

**5.1.1 Status.** It is duly incorporated and existing under the laws of its jurisdiction of incorporation;

**5.1.2 Power and Capacity.** It has the power and capacity to carry on its business, to own its property and assets, and to enter into and perform its obligations under the Loan Documents to which it is a party;

**5.1.3 Due Authorization and Execution.** It has taken all necessary action to authorize the execution, delivery and performance of the Loan Documents to which it is a party and each Loan Document has been, or upon execution and delivery will be, duly executed and delivered by it;

**5.1.4 Compliance.** The Borrower and Guarantors, and the operation of their business, are in compliance in all material respects with all Applicable Laws, including for certainty all Environmental Laws and Cannabis Laws. Without limiting the generality of the foregoing, the Borrower and Guarantors and, to the Borrower's knowledge, their respective directors, officers and employees, are in compliance with and have not been charged under, Anti-Corruption Laws and applicable Sanctions and are not knowingly engaged in any activity that would reasonably be expected to result in any of them being designated as a Sanctioned Person or Sanctioned Entity. None of the Borrower or Guarantors, or, to the Borrower's knowledge, any of their respective directors, officers or employees, (i) has, in violation of Applicable Law, used, or authorized the use of, any funds of any Obligor for any contribution, gift, entertainment or other expenses relating to political activity, (ii) has, in violation of Applicable Law, made or authorized the making of any direct or indirect bribe, rebate, payoff, influence payment, kickback or other payment to any domestic or foreign government official or employee, or (iii) is a Sanctioned Person or a Sanctioned Entity. No advance of the Loan, use of proceeds or other transaction contemplated by this Agreement will violate Anti-Corruption Laws or applicable Sanctions. The Borrower and Guarantors are in compliance with, and have not been charged under, AML Legislation; The Borrower and Guarantors, and the operation of their business, including the development, construction and operation of the Project, have been and are being conducted in compliance with Cannabis Laws and the Health Canada Licenses, and none of the Borrower, any Guarantor or any of their respective directors, officers and employees have taken any action or failed to take any action, and no state of affairs exist, in each case which would reasonably be expected to result in any charge or sanction under any Cannabis Law or result in any License Impairment. The Borrower and Guarantors have complied with all record-keeping requirements under Applicable Law, and as instructed or established by Health Canada or other applicable Governmental Bodies, with respect to the operation of its business. The Borrower and Guarantors have submitted to Health Canada or other applicable Governmental Bodies in a timely manner all required notices and reports with respect to its products (including adverse reaction reports and summary reports) in compliance with Applicable Law and guidelines of Health Canada or the applicable Governmental Body. All material written correspondence or written notices received from or provided to Health Canada or any other applicable Governmental Body, in relation to the Health Canada Licenses or the operation of the Borrower's business, have been provided to or made available to the Lender.

**5.1.5 No Contravention.** The execution and delivery of the Loan Documents to which it is a party and the performance by it of its obligations thereunder does not and will not contravene, breach or result in any default under its articles, bylaws or any of its other constating documents, any Material Contract or Material Authorization to which it is a party or by which it is bound, or any Applicable Law, including any Cannabis Law;

**5.1.6 No Consents Required.** Other than (i) as set forth in Schedule 5.1.6, (ii) such filings as are necessary to perfect the security interests granted to the Lender hereunder or (iii) in respect of any Collateral (as defined in the GSA) contemplated in paragraph (i), (ii) and/or (iii) of section 1 of the GSA, no authorization, consent or

approval of, or filing with or notice to, any Person (including any Governmental Body, under any Cannabis Law, any Material Contract, or any Material Authorization) is required in connection with the making of the Loan or the execution, delivery or performance by it of any of the Loan Documents to which it is party;

5.1.7 **Enforceability.** Each of the Loan Documents to which it is a party constitutes, or upon execution and delivery will constitute, a valid and binding obligation of it enforceable against it in accordance with its terms;

5.1.8 **No Litigation.** Other than as set forth in Schedule 5.1.8, there is presently in progress no court, administrative, regulatory or similar investigation or proceeding (collectively “Proceedings”), against or involving it, nor, to the knowledge of the Borrower, has any such Proceeding been threatened (in writing) against the Borrower or any Guarantor, and, to the knowledge of the Borrower, no event has occurred which would reasonably be expected to give rise to any such Proceedings and there is no judgment or order of any court or Governmental Body outstanding against it;

5.1.9 **Real Property.** Schedule 5.1.9 lists all real property owned or leased by the Borrower and the Guarantors;

5.1.10 **Location.** The jurisdiction of the chief executive office and location of material tangible assets of each the Borrower and each Guarantor is set forth in Schedule 5.1.10;

5.1.11 **Ownership of Assets.** The Obligors have good and marketable title to their respective assets, free and clear of all Liens except Permitted Encumbrances and such Liens which have been disclosed to the Lender;

5.1.12 **Material Contracts.** Schedule 5.1.12 sets forth all Material Contracts of the Borrower and Guarantors, true, complete and correct copies of which have been provided to the Lender. All such Material Contracts are in force and effect, unamended, and the Borrower and Guarantors and, to the knowledge of the Borrower and Guarantors, each counterparty thereto, are in compliance in all material respects with all of their respective obligations under such Material Contracts and no breach or default has occurred, and no state of affairs exists, which would give any counterparty to any Material Contract the right to terminate any such Material Contract;

5.1.13 **Material Authorizations.** Schedule 5.1.13 sets forth all Material Authorizations of the Borrower and Guarantors. The Borrower and Guarantors have obtained or been issued all Material Authorizations required for the operation of their business as currently conducted and as planned to be conducted, and neither the Borrower nor any Guarantor is in any material respect in breach or default of the terms and conditions thereof; all of such Material Authorizations are in good standing in all material respects, and no proceeding is pending or, to the Borrower’s knowledge, threatened in writing to revoke or limit in any material respect any such Material Authorization; and to the Borrower’s knowledge, there are no facts or circumstances that would reasonably be expected to prevent the issuance, renewal or obtaining of any Material Authorizations (whether obtained or issued or to be obtained or issued);

5.1.14 **Insurance.** The Collateral and the businesses and operations of the Borrower and Guarantors are insured with reputable insurance companies (not affiliates

of the Borrower) in such amounts, with such deductibles and covering such risks as is consistent with insurance carried by reasonably prudent participants in similar businesses in similar locations, and such coverage is in full force and effect, and Borrower and Guarantors have not breached the terms and conditions of any policies in respect thereof nor failed to promptly give any notice or present any material claim thereunder. There are no material claims by any of them under any such policy as to which any insurer is denying liability or defending under a reservation of rights clause;

**5.1.15 Intellectual Property.** The Borrower and Guarantors own or license all intellectual property required to carry-on business and all such licenses are in full force and effect;

**5.1.16 Labour Matters.** The Borrower and Guarantors are in material compliance with all Applicable Laws respecting employment and employment practices, terms and conditions of employment, pay equity and wages; there is not currently any labour disruption or conflict involving Borrower or any Guarantor or directly affecting their business. None of the Borrower or Guarantors are a party to a collective bargaining agreement;

**5.1.17 Employee Benefit Plans.** Neither Borrower nor any Guarantor is party to or liable for a defined benefit plan. No Employee Benefit Plan has any unfunded liabilities that have not been fully accrued on its financial statements or that will not be fully offset by insurance. All Employee Benefit Plans are registered where required by, and are in good standing under, all Applicable Laws. For purposes of this Section 5.1.17, “**Employee Benefit Plan**” means any employee benefit plan, program, policy or arrangement sponsored, maintained or contributed to by Borrower or any Guarantor or any of their affiliates or with respect to which any of them or any of their affiliates has any liability or obligation;

**5.1.18 First Nations Information and Claims.** The Borrower has disclosed all First Nations Information to the Lender, and neither Borrower nor any Guarantor has entered into any written or oral agreements with First Nations to provide benefits, pecuniary or otherwise, with respect to their business. The Borrower and Guarantors are not aware of any First Nations Claims having been made or threatened in writing in respect of the Project or any real property on which the Project is, or is to be, located;

**5.1.19 Security.** The Borrower and its Subsidiaries have implemented security practices and procedures with respect to all locations owned or operated by them consistent with good industry practice and in accordance with Applicable Laws (including for certainty Cannabis Laws) and the requirements of the Health Canada Licenses;

**5.1.20 All Material Information Supplied.** The Borrower has made available to the Lender all material information in its possession relating to its assets and financial condition. All documents and instruments made available to the Lender for the purposes of this Agreement are, or will be, in all cases true and correct copies and all such documents and instruments are, or will be, in full force and effect;

**5.1.21 Issued Capital.** Schedule 5.1.21 accurately reflects the beneficial and registered ownership of each of the Guarantors. Except as set out in such Schedule, neither the Borrower nor any Guarantor has any other Subsidiaries or joint ventures;

5.1.22 **Taxes.** Other than as disclosed to the Lender, it has paid all taxes, exigible from it or for the collection of which it is responsible under the laws of Canada or any other jurisdiction, in the case of taxes on income, in respect of all fiscal years ended on or prior to the date of this Agreement, and in the case of all other taxes, in respect of all periods ended prior to the date of this Agreement, for which such taxes were due and payable prior to the date of this Agreement;

5.1.23 **Financial Statements and No Material Change.** The financial statements of the Borrower and Guarantors that have been made available to the Lender have been prepared in accordance with GAAP applied on a consistent basis, and fairly present the financial position and results of operations of the Borrower and Guarantors for the dates or periods reported on thereby subject, in relation to any unaudited financial statements, to any year-end adjustments. From the date of the last audited financial statements made available to the Lender, there has been no change which would reasonably be expected to have a Material Adverse Effect;

5.1.24 **Indebtedness.** It shall (after giving effect to the Loans) have no indebtedness for borrowed money other than as permitted pursuant to Section 6.3.3 or 6.3.13 and shall have no other material liabilities, other than those incurred in ordinary course of business, or have or make any guarantee or agreement of support or indemnification of any indebtedness of any Person except guarantees of indebtedness of another Obligor that is permitted by Section 6.3.3 or 6.3.13;

5.1.25 **Related Party Transactions.** Except as (A) disclosed in the financial statements or other public disclosure of the Borrower or (B) as permitted by this Agreement, neither Borrower nor any Guarantor has: (i) made any payment or loan to, or borrowed any moneys from or otherwise been indebted to, any related party thereof (other than Borrower or another Guarantor); or (ii) been a party to any contract with any related party thereof, other than independent contractor or indemnification agreements entered into with officers or directors. Any transactions between Borrower or Guarantor and a related party (other than Borrower or another Guarantor) have been completed on reasonable commercial terms that, considered as a whole, are not in any material respect less advantageous to such Borrower or Guarantor, as the case may be, than if the transaction was with a Person dealing at arm's length with such Borrower or Guarantor, as the case may be;

5.1.26 **No Default.** No Default or Event of Default has occurred and is continuing or would result from the advance of any of the Loans;

5.1.27 **Reporting Issuer Status.** The Borrower is a reporting issuer in the provinces of British Columbia, Alberta and Ontario and is in material compliance with all applicable Securities Laws therein. The Borrower's common shares are listed and posted for trading on the TSXV and the Borrower is in material compliance with the rules of the TSXV;

5.1.28 **TSXV Approval.** The Borrower has applied to the TSXV for approval of the Amendment Date Warrants, the Tranche 2 Date Warrants, the common shares of the Borrower issuable upon the exercise thereof, the Amendment Date Shares and the Tranche 2 Date Shares;

5.1.29 **U.S. Cannabis.** The Borrower does not have any direct, indirect or ancillary interest in any “marijuana-related activity” in the United States as defined in Staff Notice 51-352 (Revised) – *Issuer with U.S. Marijuana Activities* of the Canadian Securities Administrators. The Borrower is in compliance with the TSXV’s guidance contained in its bulletin regarding “Business Activities Related to Marijuana in the United States” dated October 16, 2017;

5.1.30 **No Orders.** No order, ruling or determination having the effect of suspending the sale of, or ceasing the trading of, the common shares of the Borrower or any other securities of the Borrower has been issued and is continuing in effect and no proceedings for that purpose have been instituted, are pending or, to the knowledge of the Borrower, are contemplated or threatened (in writing) under any Applicable Law or by any Governmental Body;

5.1.31 **Filings.** The Borrower has filed all material documents required to be filed by it with all applicable Governmental Bodies and all such documents were, as of their respective dates, in compliance in all material respects with all Applicable Law and at the time did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. The Borrower has not filed any material change reports that continue to be confidential;

5.1.32 **Disclosure Controls.** The Borrower has established and maintains a system of disclosure controls and procedures that are designed to provide reasonable assurance that information required to be disclosed by the Borrower in its annual filings, interim filings or other reports filed or submitted by it under applicable Securities Laws are recorded, processed, summarized and reported within the time periods specified in applicable Securities Laws. Such disclosure controls and procedures include controls and procedures designed to ensure that information required to be disclosed by the Borrower in its annual filings, interim filings or other reports filed or submitted under applicable Securities Laws are accumulated and communicated to the Borrower’s management, including its chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosure; and

5.1.33 **Internal Controls.** The Borrower has established and maintains a system of internal controls over financial reporting that is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP, and includes policies and procedures that: (i) pertain to the maintenance of records that accurately and fairly reflect the material transactions, acquisitions and dispositions of the property and assets of the Borrower and each of its Subsidiaries; (ii) are designed to provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with GAAP, and that material receipts and expenditures of the Borrower and each of its Subsidiaries are made only in accordance with authorizations of management and directors of the Borrower and its Subsidiaries; and (iii) are designed to provide reasonable assurance regarding prevention or timely detection of any unauthorized acquisition, use or disposition of the property or assets of the Borrower or any of its Subsidiaries that could have a material adverse effect on the Borrower’s financial statements.

## 5.2 Survival of Representations and Warranties

The Borrower and each Guarantor covenants that the representations and warranties made by it in this Article 5 shall be true and correct on the day of this Agreement, on the Advance Date of each Loan, and on the date of delivery of each certificate required to be delivered pursuant to Section 6.1.17, with the same effect as if such representations and warranties had been made and given on and as of each such day unless such representations or warranty is expressed to be as of a specific date, notwithstanding any investigation made at any time by or on behalf of the Lender.

## 6. COVENANTS

### 6.1 Affirmative Covenants

So long as any Obligations remain outstanding, the Borrower and each Guarantor covenants and agrees that:

6.1.1 **Punctual Payment.** It shall pay or cause to be paid all Obligations falling due hereunder on the dates and in the manner specified herein including repayment of each Loan on the applicable Maturity Date;

6.1.2 **Changes.** Provide the Lender with 10 days' advance notice of any change of name or any change in the location of its chief executive office or any material tangible assets;

6.1.3 **Existence.** Maintain its corporate existence; keep proper books of account and records; maintain its corporate status in all jurisdictions where it carries on business; and operate its business and the Project (including the construction thereof) in accordance with good construction and engineering practices and in compliance, in all material respects, with Applicable Law and all Material Contracts and Material Authorizations;

6.1.4 **Insurance.** Keep insured with financially sound and reputable insurance companies all of the tangible Collateral, in amounts and against losses or damages, including property damage and public liability, on a basis consistent with insurance obtained by reasonably prudent participants in similar businesses in similar locations and cause the policies of insurance referred to above to contain customary endorsements for the benefit of the Lender, all in a form acceptable to the Lender, acting reasonably, and include a provision that such policies will not be amended in any manner which is prejudicial to the Lender or be cancelled without 30 days' prior written notice being given to the Lender by the issuers thereof, and cause the Lender to be named as an additional insured with respect to property, casualty and liability insurance; provide the Lender promptly with such evidence of insurance as the Lender may from time to time reasonably require;

6.1.5 **Compliance with Applicable Law and Contracts.** It shall comply in all material respects with the requirements of all Applicable Law (including for certainty Cannabis Laws and Environmental Law), all Material Contracts to which it is a party or by which it is bound and all Material Authorizations (including for certainty the Health Canada Licenses);

6.1.6 **Material Authorizations.** Obtain, as and when required, and preserve and maintain, all Material Authorizations and Material Contracts which are required to permit



the Borrower and Guarantors to (i) own, operate and maintain the Project in the manner currently carried on or planned to be carried on, (ii) develop, construct and operate the Project substantially as contemplated by the Project Plans, (iii) commence and carry out the operation of commercial production, and (iv) perform their obligations under the Loan Documents to which they are a party;

6.1.7 **TSXV.** The Borrower shall maintain the listing of its common shares on the TSXV in good standing and timely file all reports and comply with all other requirements of the TSXV;

6.1.8 **Health Canada Licenses.** Maintain, preserve and comply with all provisions of, the Health Canada Licenses, and take all steps necessary to ensure the continued validity and renewal thereof;

6.1.9 **Health Canada.** Promptly after receipt or knowledge thereof, provide a copy to the Lender of (i) any material document, letter or notice from Health Canada or other Governmental Body to an Obligor (it being understood that any warning shall be material), (ii) any material amendment to, material breach of, or expiration or termination of, a Material Contract, (iii) any written notice, investigation, correspondence or other proceedings or actions which could reasonably be expected to adversely affect any authorization advisable or necessary under Cannabis Law, including any such notice, investigation, correspondence or proceedings involving Health Canada or other Governmental Body, (iv) any changes in the identity of a Responsible Person, together with satisfactory evidence of security clearances for such Responsible Person under the Cannabis Act or any regulations relating to the Cannabis Act, and any rejection notice for new or renewal security clearance applications for each Responsible Person, and (v) any Material Contract entered into after the Amendment Date;

6.1.10 **Preservation.** Maintain, preserve, protect and keep:

- (i) all of its material ownership, lease, use, licence and other interests in the Collateral as are necessary or advisable in order for it to be able to develop, construct and operate the Project substantially in accordance with the Project Plans and sound business practice;
- (ii) all material tangible Collateral owned by it in good repair, working order, and condition (ordinary wear and tear excepted), and make necessary and proper repairs, renewals, and replacements so that those aspects of the Project carried on in connection therewith may be properly conducted at all times, unless the continued maintenance of any of such Collateral ceases to be necessary or economically desirable for the development, construction or continued operation of the Project substantially in accordance with the Project Plans and sound business practice; and
- (iii) the Borrower's status as a reporting issuer in good standing under the Securities Laws of British Columbia, Alberta and Ontario;

6.1.11 **Notice of Litigation and Other Matters.** It shall, as soon as practicable after it shall become aware of the same, give notice to the Lender of the following events:

- 6.1.11.1 the commencement of any Proceeding against or affecting it;

6.1.11.2 any material change in its business or any other development which would reasonably be expected to have a Material Adverse Effect;

6.1.11.3 any material default by any party under or termination or threatened (in writing) termination of any Material Contract of which it becomes aware;

6.1.11.4 any violation of any Applicable Law by any Obligor in any material respect;

6.1.11.5 any casualty, damage or loss, whether or not insured, through fire, theft, other hazard or casualty, or through any act or omission of an Obligor, or their respective officers, directors, employees, agents, contractors, consultants or representatives, or through any other Person having a value in excess of \$125,000 for any one event;

6.1.11.6 any material disputes involving local communities, municipalities or cities;

6.1.11.7 the loss of or material non-compliance with the terms of, or any threat (in writing) by a Governmental Body to revoke or suspend any Material Authorization (including without limitation the Health Canada Licenses);

6.1.11.8 any material dispute with a Governmental Body or a material violation of any Environmental Law or Cannabis Law applicable to the Project or an Obligor;

6.1.11.9 all material actions, suits and proceedings before any Governmental Body or arbitrator pending, or to the Borrower's knowledge, threatened in writing against or directly affecting any Obligor or the Project, including all material actions, suits, claims, notices of violation, hearings, investigations or proceedings pending or to the Borrower's knowledge threatened in writing with respect to the ownership, use, maintenance and operation of the Project; and

6.1.11.10 any Default or Event of Default, or any default or event of default or demand for repayment under any other Material Contract or Material Authorization, or under any other agreements if the consequence of such default or the loss or termination of such other agreement would reasonably be expected to have a Material Adverse Effect;

giving in each case the details thereof and specifying the action proposed to be taken with respect thereto;

6.1.12 **Intellectual Property.** Maintain its owned and licensed intellectual property necessary for it to conduct its business;

6.1.13 **Changes.** The Borrower shall provide the Lender with not less than 15 days' notice of any proposed change in the name or jurisdiction of incorporation/formation or chief executive office of any Obligor;

6.1.14 **Payment of Taxes.** It shall, duly and timely file all tax returns required to be filed by it, pay all taxes shown to be due and payable on such returns, and pay all

assessments and re-assessments, and all other taxes, government charges, penalties, interests and fines due and payable by it and which are claimed by any governmental authority to be due and owing (unless being contested in good faith) and make adequate provision on its books for taxes payable for the current period for which tax returns are not yet required to be filed;

6.1.15 **Environmental.** Conduct all environmental remedial activities which a Person acting in a commercially reasonable manner and in accordance with good industry practice would perform in similar circumstances and meet its environmental responsibilities and conduct and pay for any environmental investigations, assessments or remedial activities with respect to any real property used in connection with the Project, in each case in all material respects as required in accordance with Applicable Law;

6.1.16 **Inspection.** At any time during regular business hours and upon reasonable prior written notice from the Lender, permit representatives of the Lender, at the cost and expense of the Borrower, to enter into or onto its property, to inspect any of the Collateral and to examine its financial books, accounts and records and to discuss its financial condition with its senior officers and its auditors, provided that the Lender shall exercise its inspection rights not more than (x) once in any calendar year at the expense of the Borrower and (y) once in any calendar year at the expense of the Lender. Notwithstanding the foregoing, if an Event of Default has occurred and is continuing, or if access is necessary to preserve or protect the Collateral, as determined by the Lender, acting reasonably, the Borrower and Guarantors shall provide such access to the Lender at all times and without advance notice and at the expense of the Borrower;

6.1.17 **Reporting Requirements.** It shall deliver or cause to be delivered to the Lender:

6.1.17.1 within 120 days of the Borrower's fiscal year end, audited financial statements of the Borrower on a consolidated basis and management discussion and analysis, together with a certificate of a senior officer of the Borrower substantially in the form attached as Exhibit A;

6.1.17.2 within 60 days of the end of each fiscal quarter of the Borrower, unaudited financial statements of the Borrower on a consolidated basis and management discussion and analysis, together with a certificate of a senior officer of the Borrower substantially in the form attached as Exhibit A;

6.1.17.3 within 30 days of the end of each month, management-prepared reporting truing up the financial models for actual results including updated projections of future periods for the Borrower on a consolidated basis, together with a certificate of a senior officer of the Borrower substantially in the form attached as Exhibit A;

6.1.17.4 within 30 days of each month, end of month inventory summaries provided in worksheet format which provide inventory data including; LOT ID, name, weight, volume, counted, loss/gain, packaged, status, location, lot type, and cannabis form;

6.1.17.5 as soon as practicable following a request therefor from the Lender, the Borrower shall provide any financial information, financial statements,

budgets, forecasts, projections, analysis, lists of property and accounts and other statements as the Lender may reasonably request from time to time, including copies of any tax returns and any other elections, remittance forms or other documents filed by an Obligor pursuant to any Applicable Law; and

6.1.17.6 such other financial or other information and the Lender may reasonably request from time to time;

6.1.18 **Business Plan.** Within 45 days of the end of the fiscal year of the Borrower it shall deliver or cause to be delivered to the Lender a revised business plan for the business and operations of the Borrower, including therein a budget for the next fiscal year, and such business plan and budget shall not reasonably be expected to result in a Default, Event of Default or Material Adverse Effect;

6.1.19 **Use of Proceeds.** The Borrower shall use the proceeds of the Loans solely as stipulated in Section 2.1;

6.1.20 **Construction.** Diligently complete, or cause to be completed, the development and construction of the Project in a good and workmanlike manner, including the Manitou Project in accordance with the Project Plans;

6.1.21 **Holdbacks.** To the extent applicable, Borrower shall administer a 10% statutory holdback provision in the ordinary course of construction and in accordance with the *Construction Act* (Ontario) or otherwise under Applicable Law;

6.1.22 **DSRA.** The Borrower shall ensure that the DSRA is Fully Funded from the Closing Date until the 9 month anniversary of the Advance Date of the Tranche 2 Loan. On, or up to two Business Days prior to, each payment of interest for each Loan up to and including the 9<sup>th</sup> Interest Payment Date following the Advance Date of the Tranche 2 Loan. The Lender shall be permitted to withdraw from the DSRA, and the Borrower shall if required facilitate such withdrawal, an amount equal to the interest payable hereunder on such Interest Payment Date for such Loan. The Borrower may only withdraw amounts from the DSRA as expressly contemplated in this Agreement and the Lender's express authorization and signature is required to make any withdrawals or outgoing payments from the DSRA.

6.1.23 **Capital Expenditures.** Except for capital expenditures contemplated in the Project Plan, the Obligors shall not make capital expenditures in any fiscal year in excess of \$250,000, individually, and \$500,000 in aggregate for all capital expenditures during such fiscal year.

6.1.24 **Blocked Account Agreements.** Within 60 days after the Amendment Date, the Borrower shall deliver the Blocked Account Agreements in respect of all bank accounts of the Borrower and Guarantors, in form and substance reasonably satisfactory to the Lender.

## 6.2 Lender Entitled to Perform Covenants

If the Borrower or any Guarantor fails to perform any covenant contained in Section 6.1 the Lender may, in its discretion, perform any such covenant capable of being performed by it and if any such covenant requires the payment of money the Lender may make such payments. All sums so

expended by the Lender shall be deemed to form part of the Obligations, shall bear interest at the same rate as the Loans from time to time and shall be payable by the Borrower on demand.

### 6.3 Negative Covenants

So long as any Obligations remain outstanding, the Borrower and each Guarantor covenants and agrees that it shall not:

6.3.1 **Sell Property.** Sell, transfer or otherwise dispose of any asset other than (i) any assets the book value of which does not exceed, in aggregate, \$125,000 in any fiscal year of the Borrower, (ii) inventory in the ordinary course of business, (iii) to the Borrower or any other Guarantor, (iv) assets that are worn-out, obsolete or no longer useful in the business of the Obligors, or (v) any dispositions of any other assets at fair market value for cash where the net proceeds of disposal are used to acquire other assets useful to the business of the Obligors within 90 days of receipt;

6.3.2 **Encumber Property.** Create, grant, assume or suffer to exist any Lien upon, the Collateral or any part thereof, except pursuant to the Security Documents or except Permitted Encumbrances;

6.3.3 **Indebtedness.** Incur or guarantee any indebtedness other than (i) the Obligations, (ii) intercompany debt between Obligors, (iii) indebtedness recourse in respect of which is limited to the mortgages referred to in paragraph (h) of the definition of Permitted Encumbrances, (iv) indebtedness incurred by JWCL in connection with the Ball Construction Indebtedness, (v) indebtedness incurred by the Borrower in connection with any royalty arrangement or unsecured subordinated debt permitted by the Lender, in its sole discretion, for the purpose of a Capital Raise, and (iv) indebtedness incurred under the Factoring Agreement;

6.3.4 **Material Contracts.** Without the prior written consent of the Lender, such consent not to be unreasonably withheld or delayed, enter into a new Material Contract which involves potential expenditure in excess of \$350,000 in any fiscal year, or amend or waive compliance by the applicable counterparty with any material provision of or terminate any Material Contract, nor shall any Obligor suffer or permit any termination of or consent or agree to any assignment (other than by way of security to the Lender) or transfer of any Material Contract except (A) transfers to another Obligor, or (B) terminations at the end of the stated term thereof or at the stated maturity thereof;

6.3.5 **Locations.** Except for inventory in transit, not permit any tangible Collateral to be located in any location except for the locations listed in Schedule 5.1.9 or as otherwise consented to by the Lender in writing;

6.3.6 **Business.** Change in any material respect the nature of its business or operations, nor engage directly or indirectly in any material business activity, or purchase or otherwise acquire any material property, in either case, not related to or in furtherance of the conduct of the business currently conducted by it, or initiate any construction project other than the Project;

6.3.7 **Hedging.** Enter into any hedge instrument or incur any hedge obligations;

6.3.8 **Acquisitions.** Make any acquisitions of any other Person, or all of the assets of, or all of the assets or any line of business or division of, any other Person;

6.3.9 **Real Property.** Acquire or lease any new real property except in connection with transactions involving Permitted Encumbrances identified in paragraph (h) of the definition of Permitted Encumbrances and provided the purchase price for such real property is not funded with the proceeds of the Loans;

6.3.10 **Corporate Structure.** Enter into any transaction to change or reorganize its capital structure or materially amend its articles, by-laws or any other constating documents in a manner that prejudices the Lender;

6.3.11 **Investments.** Make any investments in equity interests in any other Person or make any loans to any other Person, except investments and loans that are made (i) with the proceeds of equity issued by the Borrower and (ii) in a maximum aggregate amount outstanding at any time of \$2,000,000;

6.3.12 **Material Authorizations.** Not amend, supplement, terminate, abandon, allow to expire or fail to renew any Material Authorization, or permit any other Person to use, become party to or otherwise have an interest in, any Material Authorization, or take any action in furtherance of, or fail to take any action, which failure would be reasonably expected to result in, any of the foregoing;

6.3.13 **Financial Assistance.** Other than as disclosed to the Lender, provide financial assistance, by means of loan, guarantees, the provision of security or otherwise, to any Person, other than the Borrower or any other Guarantor;

6.3.14 **Fiscal Year.** Change its fiscal year;

6.3.15 **Amalgamations, etc.** Enter into any transaction (including by way of reorganization, consolidation, amalgamation, liquidation or otherwise) whereby all or any portion of its property and assets would become the property of any other Person other than Borrower or, in the case of a Guarantor, another Guarantor;

6.3.16 **Affiliate Transactions.** Not enter into any transaction with any affiliate, other than Borrower or another Guarantor, except on terms no less favourable than would reasonably be expected to be obtained in an arm's-length transaction;

6.3.17 **Distribution to Shareholders.** Pay any dividends or make any other distributions on its shares or other equity securities, except to the Borrower or a Guarantor or as consented to in writing by the Lender;

6.3.18 **Business.** Change in any material respect the nature of its business or operations, nor engage directly or indirectly in any material business activity, or purchase or otherwise acquire any material property, in either case, not related to or in furtherance of the conduct of the business as presently conducted by it;

6.3.19 **Anti-Corruption, etc.** (i) Use, or authorize the use of, any of its corporate funds for any contribution, gift, entertainment or other expenses relating to political activity in any manner in violation of Applicable Law; (ii) make, or authorize the making of, any direct or indirect bribe, rebate, payoff, influence payment, kickback or other

payment to any domestic or foreign government official or employee from corporate funds in any manner in violation of Applicable Law; or (iii) violate any provision of AML Legislation, Anti-Corruption Laws or any applicable Sanctions;

6.3.20 **No Royalties, etc.** Make any payment of royalties in respect of the Project, or enter into any royalty, stream financing, or agreement having a similar economic effect, with any other Person in relation to the Project, other than the quarterly payment of royalties by the Borrower or Guarantors to Canopy Rivers Corporation pursuant to the Royalty Agreement between James E. Wagner Cultivation Ltd. and Canopy Rivers Corporation dated August 11, 2017;

6.3.21 **Sale Leaseback.** Enter into any sale and leaseback transaction, provided that for the avoidance of doubt the Obligors shall be entitled to lease any assets acquired by any Person for the purpose of leasing such assets to the Borrower or any Guarantor, provided that such assets were not acquired by such Person from the Borrower or a Guarantor.

## **7. FINANCIAL COVENANTS**

### **7.1 Liquidity**

Beginning the first full quarter following the Closing Date, the Borrower will not at any time permit its Surplus Working Capital to Loan Ratio to be less than Minimum Liquidity Ratio.

## **8. CONDITIONS PRECEDENT**

### **8.1 Conditions Precedent to the advance of the Initial Loan**

The following conditions precedent were satisfied or waived in writing by the Lender in its sole discretion prior to the making of the advance of the Initial Loan:

8.1.1 the representations and warranties set out in Article 5 shall be true and correct;

8.1.2 no Default or Event of Default shall have occurred and be continuing;

8.1.3 no Material Adverse Effect shall have occurred;

8.1.4 the Lender shall have received the following in form and substance satisfactory to the Lender:

8.1.4.1 the Security Documents referred to in section 4.1, other than the Blocked Account Agreements;

8.1.4.2 certificates of status, good standing, or the equivalent for Borrower and each Guarantor;

8.1.4.3 an officer's certificate of Borrower and each Guarantor certified copies of articles, bylaws and authorizing resolutions for each of Borrower and each Guarantor and certifying such other factual matters as the Lender may require;

8.1.4.4 a certified, true copy of the following documents, in each case in form and substance satisfactory to the Lender:

8.1.4.4.1 draft financial statements for the fiscal quarter ending December 31, 2018;

8.1.4.4.2 the Project Plans;

8.1.4.4.3 all Material Contracts;

8.1.4.4.4 all Material Authorizations, including for certainty the Health Canada License;

8.1.4.5 an acceptable cash flow statement relating to the construction of the Project;

8.1.4.6 share certificates, duly endorsed in blank or with duly executed transfer powers of attorney of each of the Guarantors' issued and outstanding shares;

8.1.4.7 certificates of insurance in respect to of the Obligors' property, casualty and liability insurance, naming the Lender as first loss payee and additional insured;

8.1.4.8 an opinion of counsel to the Borrower acceptable to the Lender and Lender's counsel, acting reasonably, as to matters relating to the Borrower, the Guarantors and the Loan Documents;

8.1.4.9 an officer's certificate of the Borrower certifying that no Default or Event of Default has occurred and is continuing, that no Material Adverse Effect shall have occurred since the date of this Agreement, and that the representations and warranties set out in Article 5 shall be true and correct on the date of the advance of the Initial Loan as if made on and as of such date;

8.1.5 all approvals, consents, orders and authorizations necessary for the completion of the transactions contemplated by the Loan Documents shall have been obtained;

8.1.6 the Liens created by the Security Documents shall have been perfected in all applicable jurisdictions;

8.1.7 the Lender shall have received payment in full of all fees and expenses payable in connection with the Initial Loan which the Borrower has agreed to pay to the Lender;

8.1.8 the Initial Loan Set-Up Fee shall have been paid to the Lender or satisfactory arrangements for its payment shall have been made; and

8.1.9 the Closing Date Warrants shall have been issued to the Lender and the conditional approval of the TSXV and any other required approval (other than any further approval of the TSXV) in connection with the issuance of the Closing Date Warrants and



the common shares of the Borrower issuable upon due exercise thereof shall have been obtained.

**8.2 Conditions Precedent to the effectiveness of this Agreement and the advance of the Tranche 1 Loan**

The Lender shall be satisfied that each of the following conditions precedent has been satisfied prior to the effectiveness of this Agreement and the making of the advance of the Tranche 1 Loan, which conditions precedent are for the sole and exclusive benefit of the Lender and may be waived in writing by the Lender in its sole discretion:

8.2.1 the representations and warranties set out in Article 5 shall be true and correct;

8.2.2 no Default or Event of Default shall have occurred and be continuing;

8.2.3 no Material Adverse Effect shall have occurred;

8.2.4 there is no Proceeding against or involving it, nor, to the knowledge of the Borrower, has any such Proceeding been threatened (in writing) against any Obligor, and, to the knowledge of the Borrower, no event has occurred which might give rise to any such Proceedings and there is no judgment or order of any court or Governmental Body outstanding against it;

8.2.5 the Lender shall have received the following in form and substance satisfactory to the Lender:

8.2.5.1 except as contemplated in Section 6.1.24 and to the extent not previously delivered, the Security Documents referred to in Section 4.1;

8.2.5.2 the fully executed Factoring Agreement;

8.2.5.3 the fully executed subordination and postponement agreement between the Lender and Ball Construction Inc., satisfactory to the Lender in its sole discretion;

8.2.5.4 certificates of status, good standing, or the equivalent for Borrower and each Guarantor;

8.2.5.5 an officer's certificate of Borrower and each Guarantor certifying copies of articles, bylaws and authorizing resolutions for each of Borrower and each Guarantor and certifying such other factual matters as the Lender may require, including matters relating to Sections 8.2.1 to 8.2.4 above;

8.2.5.6 a certified, true copy of the following documents, in each case in form and substance satisfactory to the Lender:

8.2.5.6.1 the Project Plans;

8.2.5.6.2 a business plan for the business and operations of the Borrower, including therein a budget that does not require any additional

funding for 12 months following the Amendment Date to finance the Manitou Project;

8.2.5.6.3 to the extent not previously delivered, all Material Contracts;

8.2.5.6.4 to the extent not previously delivered, all Material Authorizations, including for certainty the Health Canada License;

8.2.5.7 an acceptable cash flow statement relating to the remaining construction of the Project;

8.2.5.8 share certificates, duly endorsed in blank or with duly executed transfer powers of attorney of each of the Guarantors' issued and outstanding shares and or any other shares pledged under the Security Documents;

8.2.5.9 certificates of insurance in respect to of the Obligors' property, casualty and liability insurance, naming the Lender as first loss payee and additional insured;

8.2.5.10 an opinion of counsel to the Borrower acceptable to the Lender and Lender's counsel, acting reasonably, as to matters relating to the Borrower, the Guarantors and the Loan Documents;

8.2.6 the Borrower shall have delivered a certificate of a senior officer of the Borrower substantially in the form attached as Exhibit A;

8.2.7 all approvals, consents, orders and authorizations necessary for the completion of the transactions contemplated by the Loan Documents shall have been obtained;

8.2.8 personal property registry, tax, judgment lien and such other searches as the Lender considers appropriate, acting reasonably, including in respect of any personal property of the Obligors charged pursuant to the Security Documents and the Obligors as of a time and date satisfactory to the Lender;

8.2.9 the Liens created by the Security Documents shall have been perfected in all applicable jurisdictions;

8.2.10 the Lender shall have received the Payment Direction for Tranche 1 and the Lender and its agents shall have received payment in full of all interest accrued and owing under the Original Credit Agreement and all fees and expenses payable in connection with the Tranche 1 Loan which the Borrower has agreed to pay to the Lender; and

8.2.11 the Amendment Date Shares and the Amendment Date Warrants shall have been issued to the Lender and the conditional approval of the TSXV and any other required approval (other than any further approval of the TSXV) in connection with the issuance of the Amendment Date Shares and the Amendment Date Warrants and the common shares of the Borrower issuable upon due exercise thereof shall have been obtained.

### **8.3 Conditions Precedent to the advance of the Tranche 2 Loan**

The Lender shall be satisfied that each of the following conditions precedent has been satisfied prior to the making of the advance of the Tranche 2 Loan, which conditions precedent are for the sole and exclusive benefit of the Lender and may be waived in writing by the Lender in its sole discretion:

8.3.1 the representations and warranties set out in Article 5 shall be true and correct on the Advance Date of the Tranche 2 Loan as if made on and as of such date;

8.3.2 no Default or Event of Default shall have occurred and be continuing on the Advance Date of the Tranche 2 Loan;

8.3.3 no Material Adverse Effect shall have occurred or can reasonably be expected to occur as a result of the advance of the Tranche 2 Loan;

8.3.4 there is no Proceeding against or involving it, nor, to the knowledge of the Borrower, has any such Proceeding been threatened (in writing) against any Obligor, and, to the knowledge of the Borrower, no event has occurred which might give rise to any such Proceedings and there is no judgment or order of any court or Governmental Body outstanding against it, in each case as of the Advance Date of the Tranche 2 Loan;

8.3.5 an officer's certificate of Borrower certifying as to factual matters set forth in Sections 8.3.1 to 8.3.4 above;

8.3.6 the Borrower shall have delivered a certificate of a senior officer of the Borrower substantially in the form attached as Exhibit A;

8.3.7 the Lender shall have received the Payment Direction for Tranche 2 and the Lender and its agents shall have received payment in full of all fees and expenses payable in connection with the Tranche 2 Loan which the Borrower has agreed to pay to the Lender;

8.3.8 the Borrower shall have completed the Capital Raise;

8.3.9 the Tranche 2 Date Shares and the Tranche 2 Date Warrants shall have been issued to the Lender and the conditional approval of the TSXV and any other required approval (other than any further approval of the TSXV) in connection with the issuance of the Tranche 2 Date Shares and the Tranche 2 Date Warrants and the common shares of the Borrower issuable upon due exercise thereof shall have been obtained; and

8.3.10 the Lender shall be satisfied, in its sole discretion, that the Tranche 2 Loan shall have been used in accordance with the use of proceeds stipulated in Section 2.1.3.

## **9. EVENTS OF DEFAULT AND REMEDIES**

### **9.1 Events of Default**

The occurrence of any of the following events shall constitute an Event of Default:

9.1.1 default by the Borrower in payment when due, by demand or otherwise, of any payment of the principal on the Loans;

9.1.2 default by the Borrower in payment, within 3 Business Days after the due date therefor, of any payment of interest or any other amounts owing under this Agreement;

9.1.3 default by the Borrower or any other Guarantor under any of the covenants in sections 6.3 and 7.1;

9.1.4 default by the Borrower or any Guarantor in the performance or observance of any other covenant, condition or obligation contained in any Loan Document unless such default, if capable of being remedied, is remedied within 15 Business Days after the earlier of (i) the Borrower or Guarantor becoming aware of such occurrence, and (ii) notice of such occurrence being provided to the Borrower by the Lender;

9.1.5 any representation or warranty made by the Borrower or any Guarantor in any Loan Document is found to be false or incorrect in any way so as to make it materially misleading when made or deemed to have been made unless such falseness or incorrectness, if capable of being remedied, is remedied within 15 Business Days after the earlier of (i) the Borrower or Guarantor becoming aware of such occurrence, and (ii) notice of such occurrence being provided to the Borrower by the Lender;

9.1.6 default by the Borrower or Guarantor under any Material Contract or Material Authorization or an event of default under any indebtedness of the Borrower or Guarantor in excess of \$250,000 (unless cured, remedied or waived), or any Material Contract or Material Authorization is terminated, cancelled or expires and is not renewed;

9.1.7 an event of default occurs under the Ball Construction Indebtedness, after the expiry of any cure, grace or remedy period provided for in the terms thereof, unless cured, waived or remedied prior to the expiry of such cure, grace or remedy period;

9.1.8 the Borrower or any other Guarantor admits its inability to pay its debts generally as they become due or otherwise acknowledges its insolvency;

9.1.9 the Borrower or any other Guarantor institutes any proceeding, or any proceeding is commenced against or involving the Borrower:

9.1.9.1 seeking to adjudicate it as bankrupt or insolvent;

9.1.9.2 seeking liquidation, dissolution, winding up, reorganization, arrangement, protection or relief of it or any of its properties or assets or debts or making a proposal with respect to it under any law relating to bankruptcy, insolvency, compromise of debts or other similar laws; or

9.1.9.3 seeking appointment of a receiver, trustee in bankruptcy, agent, custodian or other similar official for it or for any material part of its properties and assets;

and, in the case of any proceeding not instituted by the Borrower, such proceeding is not being contested in good faith by appropriate proceedings or, if so contested, remains

outstanding, undismissed and unstayed more than 45 days from the institution of such first mentioned proceeding;

9.1.10 any execution, distress or other enforcement process, whether by court order or otherwise, becomes enforceable against any Collateral and such execution, distress or other enforcement process is not stayed within 60 days of notice;

9.1.11 this Agreement, the Factoring Agreement or any Security Document is repudiated or contested by any Obligor in whole or in part, ceases to be in full force and effect, or is invalidated or rendered unenforceable by any act, regulation or governmental action or is determined to be invalid by a court or other judicial entity or, in the case of the Liens under the Security Documents, to not constitute a first ranking priority Lien in the Collateral, subject only to Permitted Encumbrances and any such document which has ceased to be in full force and effect has not been replaced by a valid and enforceable document equivalent in effect and priority to such document, assuming such document as originally been valid and enforceable and enjoyed the priority contemplated in respect thereof by this Agreement in form and substance acceptable to the Lender, within 10 days of such determination, provided that such grace period shall only be provided if the Borrower actively cooperates with the Lender to so replace such document;

9.1.12 any final judgment for the payment of monies in excess of \$100,000 is rendered against the Borrower or Guarantor and such judgment is not discharged, or stayed pending appeal, within 30 days from the imposition of such judgment;

9.1.13 any License Impairment occurs;

9.1.14 a Change of Control of the Borrower shall occur; or

9.1.15 the audit report to the financial statements of the Borrower are qualified as to scope;

9.1.16 any Obligor takes or seeks to take any action to (a) abandon all or any material portion of the Collateral, (b) abandon the construction of the Project, or (c) otherwise suspend construction, development or growing operations at the Project (other than temporary suspensions for sound operational reasons not to exceed three (3) months);

9.1.17 any Governmental Body directly or indirectly condemns, expropriates, nationalizes, seizes or appropriates any Obligor or any material portion of the Project;

9.1.18 the Borrower fails to comply with any of its material obligations in respect of the Warrants;

9.1.19 the occurrence of a Material Adverse Effect.

## 9.2 Remedies Upon Default

Upon the occurrence of any Event of Default, the Lender may at its sole option:

9.2.1 implement a default interest rate of an additional 2% per annum on top of the Interest Rate that is already applicable;

- 9.2.2 implement the Prepayment Premium to all outstanding amounts of the Loans;
- 9.2.3 declare any or all of the Loans and the other Obligations to be immediately due and payable (including the Prepayment Premium on such due and payable amounts);
- 9.2.4 realize upon all or any part of the Collateral, pursuant to the Security Documents; or
- 9.2.5 take such actions and commence such proceedings as may be permitted at law or in equity (whether or not provided for herein or in the Loan Documents) at such times and in such manner as the Lender in its sole discretion may consider expedient,

all without, except as may be required by Applicable Law, any additional notice, presentment, demand, protest, notice of protest, dishonour or any other action. The rights and remedies of the Lender hereunder are cumulative and are in addition to and not in substitution for any other rights or remedies provided by Applicable Law or by any of the Loan Documents.

### 9.3 Distributions

All distributions under or in respect of any of the security granted pursuant to the Security Documents shall be applied by the Lender on account of the Obligations without prejudice to any claim by the Lender for any deficiency after such distributions are received by the Lender. All such distributions shall be applied to such part of the Obligations as is determined by the Lender in its discretion acting reasonably.

## 10. ASSIGNMENTS AND PARTICIPATIONS

### 10.1 Assignment

This Agreement and the other Loan Documents shall enure to the benefit of and be binding upon the parties hereto and thereto, their respective successors and any permitted assigns. The Borrower shall not assign all or any part of its rights or benefits under this Agreement. The Lender may assign all or any part of its rights in respect of the Obligations and the Loan Documents to any Person without the consent of the Borrower provided that such Person is not a Competitive Business and provided that such restriction shall not apply during an Event of Default that is continuing.

### 10.2 Participations

The Lender may at any time, without the consent of, or notice to, the Borrower sell participations to any Person (each, a “Participant”) in all or a portion of the Lender’s rights and/or obligations under this Agreement (including all or a portion of its commitment to make the Loans and/or the outstanding amount of the Loans owing to it); provided that (i) the Lender’s obligations under this Agreement shall remain unchanged, (ii) the Lender shall remain solely responsible to the Borrower for the performance of such obligations and (iii) the Borrower shall continue to deal solely and directly with the Lender in connection with the Lender’s rights and obligations under this Agreement. Any payment by a Participant in connection with a sale of a participation shall not be or be deemed to be a repayment by the Borrower or a new advance to the Borrower.

### 10.3 Confidentiality

The Lender may disclose to any proposed assignee or proposed Participant such information concerning the financial position and assets of the Borrower as may be relevant or useful in connection therewith provided that such proposed assignee or Participant executes a confidentiality agreement in favour of the Borrower (with privity of contract) agreeing to keep all such information confidential substantially to the same extent as provided for in the confidentiality agreement in place between the Borrower and Lender. The Lender will notify the Borrower and provide a copy of any such confidentiality agreement to the Borrower for its reference as soon as practicable following the execution thereof. Notwithstanding the foregoing, unless an Event of Default is continuing (i) the Lender will not assign any of its rights hereunder to any Competitive Business, and (ii) no proprietary or non-public information in respect of the Borrower will be disclosed by the Lender (or any Participant) to a Participant that is a Competitive Business.

#### **10.4 Certain Pledges**

The Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement and the Loan Documents to secure obligations of the Lender, but no such pledge or assignment shall release the Lender from any of its obligations hereunder or substitute any such pledgee or assignee for the Lender as a party hereto.

### **11. GENERAL**

#### **11.1 Amendment and Waiver**

11.1.1 No amendment or waiver of any provision of any Loan Document or consent to any departure by the Borrower from any provision thereof is effective unless it is in writing and signed by an officer of the Lender. Such amendment, waiver or consent shall be effective only in the specific instance and for the specific purpose for which it is given.

#### **11.2 Notices**

11.2.1 Any notice or other communication required or permitted to be given to the Borrower hereunder shall be in writing and shall be given by facsimile, other electronic means or by hand delivery as hereinafter provided. Any such notice, if sent by facsimile, shall be deemed to have been received on the Business Day after the day of sending, or if delivered by hand shall be deemed to have been received at the time it is delivered to the applicable address noted below. Notice of change of address shall also be governed by this section. Notices and other communications to the Borrower shall be addressed as follows:

James E. Wagner Cultivation Corporation  
530 Trillium Drive  
Kitchener, ON N2R 1J4

Attention: Nathan Woodworth  
Email: [nathan@jwc.ca](mailto:nathan@jwc.ca)

11.2.2 Any notice or other communication required or permitted to be given to the Lender hereunder shall be in writing and shall be given by facsimile, other electronic means or by hand delivery as hereinafter provided. Any such notice, if sent by facsimile, shall be deemed to have been received on the Business Day after the day of sending, or if

delivered by hand shall be deemed to have been received at the time it is delivered to the applicable address noted below. Notice of change of address shall also be governed by this section. Notices and other communications the Lender shall be addressed as follows:

Trichome Financial Corp.  
150 King Street West, Suite 213  
Toronto, ON M5H 1J9

Attention: Michael Ruschetta  
Email: [mruschetta@trichomefinancial.com](mailto:mruschetta@trichomefinancial.com)

### 11.3 Further Assurances

Whether before or after the happening of an Event of Default, the Borrower shall at its own expense do, make, execute or deliver all such further acts, documents and things in connection with the Loans and the Loan Documents as the Lender may reasonably require from time to time for the purpose of giving effect to the Loan Documents, all promptly upon the reasonable request of the Lender.

### 11.4 Marketing

The Borrower authorizes and consents to the reproduction, disclosure and use by the Lender of customary information about the Borrower (including, without limitation, the Borrower's name and any identifying logos) and the transactions herein contemplated to enable the Lender to publish promotional "tombstones" and other forms of notices of the transactions contemplated herein in any manner and in any media (including, without limitation, brochures and posting by the Lender on their websites).

### 11.5 Counterparts

This Agreement may be signed in any number of counterparts, each of which shall be deemed to be an original, but all such separate counterparts shall together constitute one and the same instrument.

### 11.6 Entire Agreement

The Loan Documents 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 Loans. 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 Loan Documents.

## 12. GUARANTEE

### 12.1 Guarantee

To induce the Lender to execute and deliver this Agreement and to make or maintain the Loans, and in consideration thereof, each Guarantor hereby irrevocably and unconditionally guarantees (each, a "Guarantee") to the Lender due and punctual payment and performance to the Lender upon demand made in accordance with the terms of this Agreement of all debts, liabilities and obligations of or owing by the Borrower to the Lender at any time and from time to time, present and future, direct and indirect, absolute and contingent, matured or not, arising from this Agreement or any other Loan



Document and all amendments, restatements, replacements, renewals, extensions, or supplements and continuations thereof, and whether the Borrower is bound alone or with another or others, and whether as principal or surety, and including without limitation, all liabilities of the Borrower arising as a consequence of its failure to pay or fulfil any of such debts, liabilities and obligations (collectively, the “**Guaranteed Obligations**”).

## **12.2 Indemnity**

In addition to the guarantee specified in this Section 12, each Guarantor agrees to indemnify and save the Lender harmless from and against all costs, losses, expenses and damages it may suffer as a result or consequence of the Borrower’s default in the performance of any of the Guaranteed Obligations, or any inability by the Lender to recover the ultimate balance due or remaining unpaid to the Lender in respect of the Guaranteed Obligations, including without limitation, reasonable legal fees incurred by or on behalf of the Lender resulting from any action instituted on the basis of this Guarantee.

## **12.3 Payment and Performance**

12.3.1 If the Borrower fails or refuses to punctually make any payment or perform the Guaranteed Obligations, each Guarantor shall unconditionally render any such payment or performance upon demand in accordance with the terms of this Guarantee.

12.3.2 Nothing but payment and satisfaction in full of the Guaranteed Obligations shall release the Guarantors from their obligations under this Guarantee.

## **12.4 Continuing Obligation**

The only condition (and no other document, proof or action other than as specifically provided in this Guarantee is) necessary as a condition of a Guarantor honouring its obligations under this Guarantee shall be written demand by the Lender to the Borrower. This Guarantee shall be a continuing guarantee, shall cover all the Guaranteed Obligations, and shall apply to and secure any ultimate balance due or remaining unpaid to the Lender. This Guarantee shall continue to be binding regardless of:

12.4.1 whether any other Person or Persons (an “**Additional Guarantor**”) shall become in any other way responsible to the Lender for, or in respect of all or any part of the Guaranteed Obligations;

12.4.2 whether any such Additional Guarantor shall cease to be so liable;

12.4.3 the enforceability, validity, perfection or effect of perfection or non-perfection of any security interest securing the Guaranteed Obligations, or the validity or enforceability of any of the Guaranteed Obligations; or

12.4.4 whether any payment of any of the Guaranteed Obligations has been made and where such payment is rescinded or must otherwise be returned upon the occurrence of any action or event, including the insolvency or bankruptcy of the Borrower or otherwise, all as though such payment had not been made.

## **12.5 Guarantee Unaffected**

This Guarantee shall not be determined or affected, or the Lender's rights under this Guarantee prejudiced by, the termination of any Guaranteed Obligations (other than as a result of the repayment in full thereof) by operation of law or otherwise, including without limitation, the bankruptcy, insolvency, dissolution or liquidation of the Borrower, any change in the name, business, powers, capital structure, constitution, objects, organization, directors or management of the Borrower, with respect to transactions occurring either before or after such change. This Guarantee is to extend to the liabilities of the Borrower, notwithstanding any reorganization of the Borrower, any Guarantor or any Additional Guarantor or the amalgamation of the Borrower, a Guarantor or any Additional Guarantor with one or more other corporations (in this case, this Guarantee shall extend to the liabilities of the resulting corporation and the terms "Borrower", "Guarantor" and "Additional Guarantor" shall include such resulting corporation) or any sale or disposal of the Borrower's, a Guarantor's or the Additional Guarantor's business in whole or in part to one or more other Persons and all of such liabilities shall be included in the Guaranteed Obligations. Each Guarantor agrees that the manner in which the Lender may now or subsequently deal with the Borrower, any Additional Guarantor or any security (or any collateral subject to the security) or other guarantee in respect of the Guaranteed Obligations shall have no effect on such Guarantor's continuing liability under this Guarantee and each Guarantor irrevocably waives any rights it may have in respect of any of the above.

## 12.6 Waivers

Each Guarantor waives each of the following, to the fullest extent permitted by law:

12.6.1 any defence based upon:

- (i) the unenforceability or invalidity of all or any part of the Guaranteed Obligations, or any security or other guarantee for the Guaranteed Obligations or any failure of the Lender to take proper care or act in a commercially reasonable manner in respect of any security for the Guaranteed Obligations or any collateral subject to the security, including in respect of any disposition of the Collateral or any set-off against the Guaranteed Obligations;
- (ii) any act or omission of the Borrower or any other Person, including the Lender, that directly or indirectly results in the discharge or release of the Borrower or any other Person or any of the Guaranteed Obligations or any security for the Guaranteed Obligations; or
- (iii) the Lender's present or future method of dealing with the Borrower, any Additional Guarantor or any security (or any collateral subject to the security) or other guarantee for the Guaranteed Obligations;

12.6.2 any right (whether now or hereafter existing) to require the Lender, as a condition to the enforcement of this Guarantee:

- (i) to accelerate any of the Guaranteed Obligations or proceed and exhaust any recourse against the Borrower or any other Person;

- (ii) to realize on any security that it holds;
- (iii) to marshal the assets of a Guarantor or the Borrower; or
- (iv) to pursue any other remedy that a Guarantor may not be able to pursue itself and that might limit or reduce such Guarantor's burden;

12.6.3 presentment, demand, protest and notice of any kind including, without limitation, notices of default and notice of acceptance of this Guarantee;

12.6.4 all suretyship defences and rights of every nature otherwise available under Ontario law and the laws of any other jurisdiction;

12.6.5 any rights of subrogation or indemnification which it may have, until the obligations of the Borrower and Guarantors under the Loan Documents have been paid in full; and

12.6.6 all other rights and defences (legal or equitable) the assertion or exercise of which would in any way diminish the liability of the Guarantors under this Guarantee.

## **12.7 Lender's Right to Act**

Lender has the right to deal with the Borrower, the documents creating or evidencing the Guaranteed Obligations and the security (or any collateral subject to the security) now or subsequently held by the Lender (including, without limitation, all modifications, extensions, replacements, amendments, renewals, restatements, and supplements to such documents or security) as Lender may see fit, without notice to the Guarantors or any Additional Guarantor and without in any way affecting, relieving, limiting or lessening any Guarantor's or any Additional Guarantor's liability under this Guarantee. Without limitation, Lender may:

12.7.1 grant time, renewals, extensions, indulgences, releases and discharges to the Borrower;

12.7.2 take new or additional security (including, without limitation, other guarantees) from the Borrower;

12.7.3 discharge or partially discharge any or all existing security;

12.7.4 elect not to take security from the Borrower or not to perfect security;

12.7.5 cease or refrain from, or continuing to, giving credit or making loans or advances to the Borrower;

12.7.6 accept partial payment or performance from the Borrower or otherwise waive compliance by the Borrower with the terms of any of the documents or security;

12.7.7 assign any such document or security to any Person or Persons in accordance with the provisions of this Agreement;

12.7.8 deal or dispose in any manner (whether commercially reasonably or not) with any security (or any collateral subject to the security) or other guarantee for the Guaranteed Obligations; or

12.7.9 apply all dividends, compositions and moneys at any time received from any Borrower or others or from the security upon such part of the Guaranteed Obligations.

#### **12.8 Action or Inaction**

Except as provided at law, no action or omission on the part of the Lender in exercising or failing to exercise its rights under this Section 12 or in connection with or arising from all or part of the Guaranteed Obligations shall make the Lender liable to a Guarantor for any loss occasioned to such Guarantor. No loss of or in respect of any securities received by the Lender from the Borrower or others, whether occasioned by the Lender's fault or otherwise, shall in any way affect, relieve, limit or lessen a Guarantor's liability under this Guarantee.

#### **12.9 Lender's Rights**

The rights and remedies provided in this Section 12 are cumulative and may be exercised singly or concurrently, and are not exclusive of any rights or remedies provided by law.

#### **12.10 Demand**

The Lender may make demand in writing to any Guarantor at any time and from time to time, each such written demand to be accepted by each Guarantor as complete and satisfactory evidence of such Guarantor's obligations to make a payment under this Guarantee and the amount of such payment. Guarantors shall pay to the Lender such amount or amounts payable under this Guarantee immediately upon such written demand.

#### **12.11 No Representations**


Each Guarantor acknowledges that this Guarantee has been delivered free of any conditions and that there are no representations which have been made to any Guarantor affecting such Guarantor's liability under this Guarantee except as may be specifically embodied in this Guarantee and agrees that this Guarantee is in addition to and not in substitution for any other guarantee(s) held or which may subsequently be held by or for the benefit of the Lender.

(Remainder of this page intentionally left blank)

IN WITNESS WHEREOF this Agreement has been executed by the parties hereto as of the date first written above.


**BORROWER:**

**JAMES E. WAGNER CULTIVATION CORPORATION**


By:   
Name: NATHAN woodworth  
Title: CEO

**GUARANTORS:**


**JAMES E. WAGNER CULTIVATION LTD.**

By:   
Name: NATHAN woodworth  
Title: CEO


**JWC 1 LTD.**

By:   
Name: NATHAN woodworth  
Title: CEO

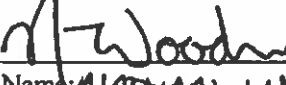
**JWC 2 LTD.**

By:   
Name: NATHAN woodworth  
Title: CEO

**JWC SUPPLY LTD.**

By:   
Name: NATHAN WOODWORTH  
Title: CEO

**GROWTHSTORM INC.**

By:   
Name: NATHAN WOODWORTH  
Title: CEO

**LENDER:**

**TRICHOME FINANCIAL CORP.**

By: 

Name: Michael Ruscetta

Title: Chief Financial Officer

**EXHIBIT A**  
**COMPLIANCE CERTIFICATE**

To: Trichome Financial Corp.  
RE: Amended and Restated Loan Agreement made between, *inter alios*, James E. Wagner Cultivation Corporation, as borrower and Trichome Financial Corp., as lender, dated as of November 6, 2019, as it may be amended, supplemented or replaced from time to time (the “Loan Agreement”).

This Certificate is provided by the undersigned [senior officer] of James E. Wagner Cultivation Corporation in respect of the [monthly/quarterly/annual] period of the Borrower ending on [■] (the “Certification Date”) in accordance with the terms of Section 6.1.17.2 of the Loan Agreement. Terms used herein as defined terms and not otherwise defined shall have the respective meanings ascribed thereto in the Loan Agreement.

The undersigned hereby certifies, on behalf of the Borrower and without personal liability, that as of the Certification Date:

1. No Default or Event of Default has occurred as of the date hereof.
2. The Borrower is conducting all its activities in compliance with the TSX Venture Exchange Bulletin dated October 16, 2017 – *Business Activities Related to Marijuana in the United States*.
3. The Borrower has not expanded its cannabis-related business activities or arrangements outside of Canada.
4. The Borrower does not currently intend to expand its cannabis-related business activities or arrangements outside of Canada and, if it does intend to expand its cannabis-related business activities or arrangements outside of Canada, it has notified, or it will notify, Trichome Financial Corp. in due time.
5. The Borrower is in compliance with the *Cannabis Act* (Canada) and all other laws applicable to controlled substances in Canada.
6. The Surplus Working Capital to Loan Ratio as of <@>, is \$■.<sup>1</sup>

Dated this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

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<sup>1</sup> Include a reasonably detailed calculation of the Surplus Working Capital to Loan Ratio as of the end of the fiscal quarter.



**SCHEDULE 5.1.6**

**CONSENTS**

None.

## **SCHEDULE 5.1.8**

### **LITIGATION**

A civil claim has been instigated by a former employee and former director of James E. Wagner Cultivation Ltd. The claim is for monetary damages and certain declaratory relief arising out of the termination of his employment, an alleged right to participate in an employee stock option plan and bonus pool, and his alleged oppression as a shareholder.

The Borrower has retained outside counsel to defend all defendants. On an initial assessment, the Borrower believes that it has a strong defense to the claim and the material outflow of resources from a past event is not probable. The Borrower intends to vigorously defend the claim asserted against all defendants. Upon receipt of the statement of claim, and on review of all relevant facts and circumstances, it was determined that the claim does not constitute a material event and it was not reported.

An amended statement of claim was filed on March 26, 2019, and a statement of defence was filed on May 31, 2019. As of the date hereof, there has been no further action since the statement of defence was filed.

## **SCHEDULE 5.1.9**

### **REAL PROPERTY**

- (i) 855 Trillium Drive, Unit B, Kitchener, Ontario (leased by the Borrower pursuant to a lease dated December 13, 2013, between Blue Top Properties (885 Trillium) Inc. and James E. Wagner Cultivation Ltd.);
- (ii) 530 Manitou Drive, Kitchener, Ontario (leased by the Borrower pursuant to a lease dated February 1, 2018, between Homer Land Corp. and James E. Wagner Cultivation Ltd.); and
- (iii) 860 Trillium Drive, Second Floor, Kitchener, Ontario (leased by the Borrower pursuant to a lease dated June 1, 2018, between NutriGroup Inc. and James E. Wagner Cultivation Ltd.)

## **SCHEDULE 5.1.10**

### **LOCATION**

The jurisdiction of the chief executive office and location of material tangible assets of the Borrower and each Guarantor is Ontario, Canada.

## **SCHEDULE 5.1.12**

### **MATERIAL CONTRACTS**

- Lease dated December 13, 2013, between Blue Top Properties (885 Trillium) Inc. and James E. Wagner Cultivation Ltd. in respect of 855 Trillium Drive, Kitchener, Ontario.
- Lease dated February 1, 2018, between Homer Land Corp. and James E. Wagner Cultivation Ltd. in respect of 530 Manitou Drive, Kitchener, Ontario.
- Offtake Agreement between James E. Wagner Cultivation Ltd. and Canopy Growth Corporation dated August 11, 2017.
- Royalty Agreement between James E. Wagner Cultivation Ltd. and Canopy Rivers Corporation dated August 11, 2017.
- Investment Agreement among James E. Wagner Cultivation Ltd., Canopy Rivers Corporation and Canopy Growth Corporation dated August 11, 2017.
- Construction Management Agreement between James E. Wagner Cultivation Ltd. and Ball Construction dated December 11, 2017.
- Investment Agreement between James E. Wagner Cultivation Corporation and Alumina Partners (Ontario) Ltd. dated November 6, 2018.
- Cannabis Concentrate Program Agreement between James E. Wagner Cultivation Ltd. and MediPharm Labs Inc. dated July 31, 2018.
- Technology License and Cannabis Streaming Agreement between James E. Wagner Cultivation Corporation and Wellness Farms Inc. dated February 8, 2019.
- Credit Agreement between James. E Wagner Cultivation Corporation and Ball Construction Ltd. dated February 20, 2019, amended as of March 19, 2019 and further amended as of July 17, 2019.
- Independent Consultant Agreement between James E. Wagner Cultivation Ltd. and Capital Market Access, LLC (CMA) dated August 19, 2019.
- Stock Option Agreement between James E. Wagner Cultivation Corporation and Capital Market Access, LLC (CMA) dated August 19, 2019.
- Product Purchase Agreement between James. E Wagner Cultivation Corporation and Terrascend Canada Inc. dated August 14, 2019.

## SCHEDULE 5.1.13

### MATERIAL AUTHORIZATIONS

- Licence No. 10-MM0456/2018 originally issued by Health Canada pursuant to the MMPR and the CDSA and its regulations, which remains valid and continued under the *Access to Cannabis for Medical Purposes Regulations* and the Cannabis Act, with an effective date of January 9, 2017 and expiry date of January 9, 2020, granting James E. Wagner Cultivation Ltd. the authority to produce, possess, ship, transport, deliver and destroy dried cannabis and cannabis plants (including live clippings and seed) at 855 Trillium Drive, Unit B, Kitchener, Ontario. (Note: this licence was originally issued on January 9, 2017, expiring on January 10, 2018. An amendment to the licence was issued on January 9, 2018, expiring on January 9, 2020).
- Amendment to Licence 10-MM0456/2018 to include the sale of cannabis at 855 Trillium Drive, Unit B, Kitchener, Ontario, issued to James E. Wagner Cultivation Ltd. by Health Canada on March 29, 2018 (valid from January 9, 2017 to January 9, 2020).
- Amendment to Licence 10-MM0456/2018 to include production of cannabis oil at 855 Trillium Drive, Unit B, Kitchener, Ontario, issued to James E. Wagner Cultivation Ltd. by Health Canada on August 31, 2018 (valid from January 9, 2017 to January 9, 2020).
- Licence 10-MM0456 migrated to the Cannabis Regulations now LIC-S0SIOQZD8S-2018, issued to James E. Wagner Cultivation Ltd. by Health Canada on November 8, 2018.
- Standard Cultivation Licence LIC-GHASXLI39D-2019 for 530 Manitou Drive issued to James E. Wagner Cultivation Ltd. by Health Canada on March 29, 2019.
- Amendment to LIC-GHASXLI39D-2019 approving two new flowering rooms (G1 & G2), and three drying “pods” issued to James E. Wagner Cultivation Ltd. by Health Canada on June 27, 2019.
- Amendment to LIC-S0SIOQZD8S-2018 allowing the sale of cannabis oil issued to James E. Wagner Cultivation Ltd. by Health Canada on July 5, 2019.
- Amendment to LIC-S0SIQZD8S-2018 approving the addition of two alternate Quality Assurance Persons (QAPs) issued to James E. Wagner Cultivation Ltd. by Health Canada on July 19, 2019.
- Building permit #17 130701 issued on July 5, 2018, by the City of Kitchener in respect of 530 Manitou Drive, Kitchener, Ontario, for interior alterations to convert a factory into a hydroponic growth operation for James E. Wagner Cultivation Corporation.
- Building permit #18 108044 issued on April 10, 2018, by the City of Kitchener in respect of 530 Manitou Drive, Kitchener, Ontario, to repair flood damage to the basement of an existing office building attached to an industrial building by a firewall.
- Building permit #18 125341 issued on October 12, 2018, by the City of Kitchener in respect of 530 Manitou Drive, Kitchener, Ontario, for the installation of a new HVAC system in the office space adjoining the cultivation facility.

- Zoning occupancy certificate #18 117236 for manufacturing and accessory office issued to James E. Wagner Cultivation Ltd. on June 20, 2018, in respect of 530 Manitou Drive, Kitchener, Ontario.
- Confirmation of final inspection in respect of permit #18 108044 MS dated December 10, 2018.
- Confirmation of final inspection in respect of permit #18 125341 HV dated December 13, 2018.
- LIC-S0SIOQZD8S-2018-2 allowing for the sale of cannabis extracts application submitted to Health Canada on August 14, 2019. Licence holders were instructed to submit these applications via e-mail, not through the Cannabis Tracking and Licensing System (“CTLS”), so there is no amendment number associated with this application. Health Canada has indicated that these amendments are in progress and that it would begin issuing amended licences for the new classes of cannabis on or about October 17, 2019. On the same day the application was submitted (August 14, 2019), James E. Wagner Cultivation Ltd. received confirmation that the amendment was in progress.
- Amendment APP-UN5PA7RWFU-2019 (LIC-GHASXLI39D-2019) submitted July 26, 2019, in the CTLS (partially submitted via USB key mailed to Health Canada’s offices) requesting the addition of two new flowering rooms (E1 & E2) and three additional drying “pods”. James E. Wagner Cultivation Ltd. received confirmation from Health Canada on August 16, 2019, that the application had been screened and moved to queue.
- Amendment APP-UN5PA7RWFU-2019 (LIC-GHASXLI39D-2019) entered active review on October 2, 2019. At this time, James E. Wagner Cultivation Ltd. advised Health Canada that two additional flowering rooms (H1 & H2) were complete and ready for submission and requested that they be added to the current amendment application. Health Canada granted this request on the same day (October 2, 2019). All requested information was submitted to Health Canada, and this amendment is currently under active review.
- Amendment APP-MSTXBTXFPO-2019 (LIC-S0SIOQZD8S-2018-2) submitted August 2, 2019, in the CTLS requesting the conversion of an existing flowering room (F5) to processing. James E. Wagner Cultivation Ltd. received confirmation from Health Canada on August 23, 2019, that the application had been screened and moved to queue. James E. Wagner Cultivation Ltd. was contacted by a reviewer on October 1, 2019, and this amendment is currently under active review.

## **SCHEDULE 5.1.21**

### **ISSUED CAPITAL**

James E. Wagner Cultivation Corporation owns 84,508,386 common shares of James E. Wagner Cultivation Ltd.

James E. Wagner Cultivation Corporation owns one hundred common shares of GrowthStorm Inc.

James E. Wagner Cultivation Ltd. owns one hundred common shares of each of JWC 1 Ltd., JWC 2 Ltd. and JWC Supply Ltd.



*This is Exhibit*.....**“G”**.....*referred to in the*  
*affidavit of*.....Nathan Woodworth.....  
*sworn before me, this*.....31<sup>st</sup>.....  
*day of* ...March, 2020.....  
.....  
**A COMMISSIONER FOR TAKING AFFIDAVITS**

## FIRST AMENDMENT TO AMENDED AND RESTATED LOAN AGREEMENT

This FIRST AMENDMENT TO AMENDED AND RESTATED LOAN AGREEMENT (this “**Amendment**”) is made as of January 9, 2020 between James E. Wagner Cultivation Corporation, as borrower (the “**Borrower**”), James E. Wagner Cultivation Ltd., JWC 1 Ltd., JWC 2 Ltd., JWC Supply Ltd. and Growthstorm Inc., as guarantors (the “**Guarantors**”, and together with the Borrower, the “**Obligors**”), and Trichome Financial Corp., as lender (the “**Lender**”, and together with the Obligors, the “**Parties**”).

### RECITALS:

A. Reference is made to the amended and restated loan agreement dated as of November 6, 2019 among the Borrower, the Guarantors and the Lender (as may be further amended, restated, modified, replaced or superseded from time to time, the “**Loan Agreement**”).

### ARTICLE 1 INTERPRETATION

**Section 1.1 Definitions.** Capitalized terms not defined in this Amendment have the meanings given to them in the Loan Agreement.

**Section 1.2 Headings, etc.** The inclusion of headings in this Amendment is for convenience of reference only and does not affect the construction or interpretation hereof.

### ARTICLE 2 AMENDMENTS TO THE LOAN AGREEMENT

**Section 2.1 Amendment.** Subject to the satisfaction of each of the conditions to effectiveness set forth in this Amendment, the Parties agree that the Loan Agreement is hereby amended as follows:

2.1.1 Section 6.1.7 of the Loan Agreement is hereby amended by deleting it in its entirety and replacing it with the following:

“TSXV. The Borrower shall maintain the listing of its common shares on the TSXV in good standing, timely file all reports with the TSXV, and at all times comply with all rules and all other requirements of the TSXV;”

2.1.2 Section 6.1.24 of the Loan Agreement is hereby amended by deleting “60 days” and replacing it with “90 days”.

2.1.3 The following is added as Section 9.1.20 of the Loan Agreement:

“the occurrence of any event of default (however designated) under any financial indebtedness (including any guaranteed obligation) of any Obligor, including any default in the payment of any principal, interest or other amounts due under such financial indebtedness, after giving effect to any cure periods, but without giving effect to any extensions or waivers in respect thereof.”

**ARTICLE 3  
REPRESENTATIONS AND WARRANTIES**

**Section 3.1 Representations.** Each Obligor represents and warrants to the Lender that, as of the date hereof (after giving effect to this Amendment):

- (a) this Amendment has been duly authorized, executed and delivered by each Obligor;
- (b) this Amendment constitutes a legal, valid and binding obligation of each Obligor, enforceable in accordance with their terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other Applicable Laws affecting creditors' rights generally and to general principles of equity, regardless of whether considered in a proceeding in equity or at law;
- (c) the representations and warranties set forth in the Loan Agreement and the other Loan Documents are true and correct in all respects on and as of the date hereof as though made on and as of such date, unless stated to be made as of a specified date;
- (d) no Default or Event of Default has occurred and is continuing; and
- (e) no Material Adverse Effect has occurred.

**ARTICLE 4  
MISCELLANEOUS**

**Section 4.1 Waivers.** The parties agree that the Lender is entitled in its sole and absolute discretion (and shall in no circumstance be obligated) to accept and grant waivers and extensions to any Event of Default and in relation to any other event of default howsoever described in relation to any other indebtedness.

**Section 4.2 Governing Law.** This Amendment shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

**Section 4.3 Benefits.** This Amendment is binding upon and will inure to the benefit of the Parties and their respective permitted successors and assigns.

**Section 4.4 Conflicts.** If, after the date of this Amendment, any provision of this Amendment is inconsistent with any provision of the Loan Agreement, the relevant provision of this Amendment shall prevail.

**Section 4.5 Loan Document.** This Amendment constitutes a Loan Document for all purposes under the Loan Agreement.

**Section 4.6 Counterparts.** This Amendment may be executed in any number of counterparts and delivered by facsimile or PDF via email, each of which will be deemed to be an original, and all such separate counterparts shall together constitute one and the same instrument.

*- signature page follows -*

**BORROWER:**

**JAMES E. WAGNER CULTIVATION CORPORATION**

By: Nathan Woodworth  
6832A3268973407B0525AE86C621B68C contractworks  
Name:  
Title:

**GUARANTORS:**

**JAMES E. WAGNER CULTIVATION LTD.**

By: Nathan Woodworth  
6832A3268973407B0525AE86C621B68C contractworks  
Name:  
Title:

**JWC 1 LTD.**

By: Nathan Woodworth  
6832A3268973407B0525AE86C621B68C contractworks  
Name:  
Title:

**JWC 2 LTD.**

By: Nathan Woodworth  
6832A3268973407B0525AE86C621B68C contractworks  
Name:  
Title:

**JWC SUPPLY LTD.**

By: Nathan Woodworth  
6832A3268973407B0525AE86C621B68C contractworks  
Name:  
Title:

**GROWTHSTORM INC.**

By: Nathan Woodworth  
6832A3268973407B0525AE86C621B68C contractworks

Name:

Title:

**LENDER:**

**TRICHOME FINANCIAL CORP.**

By: 

Name: Michael Ruscetta

Title: Chief Financial Officer

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF 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

**APPLICATION RECORD**  
**(Volume 1 of 3)**

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