

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 3 of 3)

April 1, 2020

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

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

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

Lawyers for the Applicants

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This is Exhibit "O" *referred to in the*
affidavit of Nathan Woodworth
sworn before me, this 31st
day of March, 2020

.....
A COMMISSIONER FOR TAKING AFFIDAVITS

SUBORDINATION AGREEMENT

This **SUBORDINATION AGREEMENT** is made as of January 10, 2020 by and among Trichome Financial Corp., in its capacity as senior lender under the Senior Loan Agreement and in its capacity as purchaser under the Factoring Agreement (including its successors and assigns, the “**Senior Creditor**”), and Lind Global Macro Fund, LP, as subordinated lender (including its successors and assigns, the “**Subordinated Lender**”, and together with the Senior Creditor, the “**Creditors**”).

WHEREAS, reference is made to (i) the amended and restated loan agreement dated as of November 6, 2019 (as further amended, amended and restated, renewed, extended, supplemented, replaced or otherwise modified from time to time, the “**Senior Loan Agreement**”) by and among James E. Wagner Cultivation Corporation (the “**Borrower**”), the Senior Creditor, and the guarantors named therein (collectively, the “**Guarantors**”), under which the Senior Creditor has agreed to extend credit to the Borrower on the terms and subject to the conditions specified in the Senior Loan Agreement, and (ii) the Receivables Purchase Agreement dated as of October 23, 2019 (as amended, amended and restated, renewed, extended, supplemented, replaced or otherwise modified from time to time, the “**Factoring Agreement**”, and together with the Senior Loan Agreement, the “**Senior Financing Agreements**”) by and among the Borrower, as seller, the Senior Creditor, as purchaser and the Guarantors, as guarantors, under which the Borrower and Senior Creditor have arranged, among other things, for the sale by the Borrower to the Senior Creditor of certain Accounts of the Borrower and Guarantors from time to time on a discounted basis, subject the terms conditions specified therein;

AND WHEREAS, the Subordinated Lender has agreed to invest an amount of up to \$10,000,000 in the Borrower, and the Borrower has agreed to issue convertible securities (“**Convertible Securities**”) under the terms of a convertible security funding agreement dated as of December 29, 2019 (as amended, amended and restated, renewed, extended, supplemented, replaced or otherwise modified from time to time, the “**Subordinated Funding Agreement**”) by and among the Borrower and the Subordinated Lender;

AND WHEREAS, all of the Borrower’s obligations to the Senior Creditor and the Subordinated Lender are secured by security interests in all of the now existing and hereafter acquired assets, property and undertaking of the Borrower and the Guarantors (the “**Collateral**”) granted to the Senior Creditor and the Subordinated Lender.

NOW, THEREFORE, in consideration of the mutual covenants, terms and conditions set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

ARTICLE 1
POSTPONEMENT AND SUBORDINATION

In addition to terms defined elsewhere herein, the following terms shall have the following meanings:

“**Accounts**” has the meaning given to such term in the *Personal Property Security Act* (Ontario).

“Purchase Price” means the purchase price paid to the Borrower or Guarantors by the Senior Creditor for Purchased Receivables pursuant to the Factoring Agreement.

“Purchased Receivables” means any Accounts of the Borrower or Guarantors purchased by the Senior Creditor pursuant to the Factoring Agreement from time to time.

“Residual Amount” in respect of any Purchased Receivable, means the gross face amount of such Purchased Receivable less the Purchase Price thereof.

“Senior Indebtedness Cap” means an amount equal to \$12,500,000.

“Senior Principal Amount” means an amount equal to (i) the outstanding principal amount advanced to the Borrower under the Senior Loan Agreement, plus (ii) the outstanding amount advanced under the Factoring Agreement to the Borrower as deposits for the purchase price of purchased receivables which have not yet been either collected by the Senior Creditor or repurchased by the Borrower.

“Senior Non-Principal Amount” means any fees, interest or Residual Amounts.

“Subordinated Indebtedness Cap” means an amount equal to the greater of (i) \$2,000,000, and (ii) such amount as the Senior Creditor may consent to in writing from time to time.

“Total Senior Amount” means an amount equal to the Senior Principal Amount, up to the Senior Indebtedness Cap, plus any Senior Non-Principal Amount.

Section 1.02 Payment Subordination. All present and future indebtedness and liability of the Borrower and the Guarantors to the Subordinated Lender (collectively, the **“Subordinated Indebtedness”**) is hereby postponed and subordinated to all present and future indebtedness and liability of the Borrower and the Guarantors to the Senior Creditor under the Senior Financing Agreements (collectively, the **“Senior Indebtedness”**), until the Senior Indebtedness is repaid in full, as confirmed in writing by the Senior Creditor. Until the date upon which the Senior Indebtedness has been repaid in full, as confirmed in writing by the Senior Creditor, the Subordinated Lender agrees that the Borrower and the Guarantors cannot make, and the Subordinated Lender cannot receive, any payment in cash, property or security, by set-off or otherwise, owing and which may hereafter come owing by the Borrower or the Guarantors to the Subordinated Lender (including, without limitation, interest and principal payments), without the prior written consent of the Senior Creditor or as otherwise permitted by this Agreement.

Section 1.03 Permitted Payments. So long as no Default Notice (as hereinafter defined) is issued and outstanding pursuant to Section 1.04, and provided that the Borrower has paid all amounts owing to the Senior Creditor as required under the Senior Financing Agreements, the Borrower may pay and the Subordinated Lender may receive, the scheduled principal and interest on the Convertible Securities as and when the same become due and payable in accordance with the Subordinated Funding Agreement as described on Schedule A hereto.

Section 1.04 Default Notice. Upon the occurrence of an event which constitutes, or with notice or lapse of time or both would constitute, an “Event of Default” under either Senior Financing Agreement, or if the Senior Creditor determines that any scheduled payment permitted by Section

1.03 directly above, would result in, or with notice or lapse of time or both would result in, an “Event of Default” under a Senior Financing Agreement, and upon receipt by the Subordinated Lender of written notice thereof from the Senior Creditor (the “**Default Notice**”), no payment in cash, property or security, by set-off or otherwise, shall be made or agreed to by the Borrower or accepted by the Subordinated Lender on account of the Subordinated Indebtedness including any payments otherwise permitted by Section 1.03 above.

Section 1.05 Security Subordination. All present and future security now or hereafter held, in whole or in part, by the Subordinated Lender for the Subordinated Indebtedness (collectively, the “**Subordinated Lender Security**”) is hereby postponed and subordinated to all present and future security now or hereafter held, in whole or in part, by the Senior Creditor to secure the Senior Indebtedness (collectively, the “**Senior Creditor Security**”), until the Senior Indebtedness is repaid in full, as confirmed in writing by the Senior Creditor. The Subordinated Lender agrees that upon any Account of the Obligors becoming a Purchased Receivable, such Account shall be released from the Subordinated Lender Security, provided that the Subordinated Lender Security shall continue to attach to the Purchase Price paid for such Account (and shall be subject to the priorities as set out herein).

Section 1.06 Consent re: Subordinated Funding Agreement Amendments. The Subordinated Lender represents and warrants to the Senior Creditor that the payment terms in respect of the Subordinated Funding Agreement are accurately described in Schedule A hereto. Without the prior written consent of the Senior Creditor, the Subordinated Lender shall not amend or otherwise modify these terms of the Subordinated Funding Agreement. The Subordinated Lender will not purchase, lend, accept or otherwise hold, a principal amount of Subordinated Indebtedness in an amount greater than the Subordinated Indebtedness Cap.

Section 1.07 Maximum Senior Indebtedness. Notwithstanding any other provision contained herein, if at any time the Senior Principal Amount exceeds the Senior Indebtedness Cap in the aggregate, the Subordinated Indebtedness shall rank first in right of payment and the Subordinated Lender Security shall rank senior and prior in all respects (other than, in each case in respect of Accounts or proceeds of Accounts of the Borrower or Guarantors) to the Senior Creditor Security in respect of any amounts owing to the Senior Creditor in excess of the Total Senior Amount.

Section 1.08 Consent re: Certain Event of Default. The Subordinated Lender covenants and agrees not to declare a default under the Subordinated Funding Agreement for an event set out in clause 12.1(z) of the Subordinated Funding Agreement without the prior written consent of the Senior Creditor, which may be granted in the Senior Creditor’s sole and absolute discretion.

ARTICLE 2 ENFORCEMENT AND REMEDIES

Section 2.01 Standstill.

- (a) The Subordinated Lender acknowledges and agrees that until all of the Senior Indebtedness has been paid in full, as confirmed in writing by the Senior Creditor, the Senior Creditor shall have the exclusive right to take and continue (or refrain

from taking and continuing) any action in respect of its Collateral and to exercise and enforce all rights and remedies thereunder, in such order and manner as it may determine in its sole discretion, for a period of 180 days (the “Standstill Period”) from the date that the Senior Creditor delivers to the Subordinated Lender a Default Notice, provided, that the Standstill Period shall be automatically extended for so long as (A) there is a stay or prohibition against the Senior Creditor exercising any of its rights and remedies with respect to the Collateral and the Senior Creditor is using commercially reasonable efforts to vacate such stay or prohibition, (B) the Borrower and/or Guarantors are subject to creditor proceedings which prevent the Senior Creditor from taking any enforcement action, or (C) the Senior Creditor has commenced or caused to be commenced and is diligently pursuing enforcement action.

- (b) The Subordinated Lender agrees that during the Standstill Period (so long as there is any Senior Indebtedness which has not been paid in full) it will not, without the prior written consent of the Senior Creditor:
 - (i) exercise any right or remedy with respect to the Subordinated Indebtedness or the Subordinated Lender Security, including any collection or enforcement right or remedy;
 - (ii) institute any action or proceeding against the Borrower or any Guarantor, or enforce any right or remedy, including, without limitation, any possession, foreclosure or sale;
 - (iii) appoint an interim receiver, receiver, receiver-manager or trustee in respect of the Borrower or any Guarantor or over all or any part of their assets, apply for a bankruptcy order against the Borrower or any Guarantor; and
 - (iv) object to any enforcement process or action initiated by the Senior Creditor.
- (c) Notwithstanding Section 2.01(b) above, the Subordinated Lender may: (w) file a proof of claim or attend and vote at a meeting of creditors in connection with any bankruptcy or insolvency proceeding, so long as such vote does not impair any rights of the Senior Creditor; (x) take action that is required to preserve the validity or priority of the Subordinated Indebtedness or the Subordinated Lender Security; (y) obtain a monetary judgment for non-payment of the Subordinated Indebtedness, so long as it does not enforce the judgment; and (z) provide the Borrower and Guarantors with notice of default, demand, acceleration, enforcement or similar notice, so long as written notice is also provided to the Senior Creditor.
- (d) The Subordinated Lender agrees to complete and file any proofs of claim in respect of the Subordinated Indebtedness reasonably requested by the Senior Creditor in connection with any bankruptcy or insolvency proceeding in accordance with the terms of this Agreement and directing that all dividends be payable to the Senior Creditor, until the Senior Indebtedness is paid in full, as confirmed in writing by the Senior Creditor.

- (e) The Subordinated Lender authorizes the Senior Creditor to collect and receive dividends or other payments that may be payable to the Subordinated Lender in any bankruptcy, insolvency, liquidation, dissolution, winding-up, or similar proceeding and apply such dividends or payments towards the Senior Indebtedness.
- (f) The Subordinated Lender agrees not to vote for any plan or arrangement, or reorganization or proposal, that does not provide for the prior repayment in full of the Senior Indebtedness or is otherwise inconsistent with the terms of this Agreement.
- (g) The Subordinated Lender agrees that it will not object to or oppose any sale or disposition of any property securing all or any part of the Senior Indebtedness free and clear of encumbrances or other claims of the Subordinated Lender, if the Senior Creditor consents to such sale or disposition.
- (h) The Subordinated Lender consents to any debtor-in-possession financing provided or approved by the Senior Creditor in the event of any bankruptcy or insolvency proceeding of the Borrower or any Guarantor.
- (i) The Subordinated Lender agrees that, until the Senior Indebtedness is paid in full, as confirmed in writing by the Senior Creditor, it will not (i) seek relief from any stay in any insolvency proceeding or support any other person seeking such relief, or (ii) object to, or support any other person objecting to, the Senior Creditor's request for relief from any stay in any insolvency proceeding.

Section 2.02 Trust. The Subordinated Lender acknowledges and agrees that any and all proceeds received by the Subordinated Lender (including, without limitation, from the Subordinated Lender's realization, from the Borrower, any Guarantor or their respective assets, from any bankruptcy or insolvency proceedings, or from insurance proceeds) shall be paid to the Senior Creditor and dealt with in accordance with this Agreement. The parties acknowledge and agree that the priorities contained in this Agreement shall extend to and include all principal, interest, fees, expenses and other amounts, reimbursement and indemnity obligations, and enforcement costs. The Subordinated Lender acknowledges and agrees that, until all of the Senior Indebtedness has been paid in full, as confirmed in writing by the Senior Creditor, any payment or distribution of any kind or character from the Borrower, or any other person, in respect of the Subordinated Indebtedness in violation of this Agreement, shall be held in trust by the Subordinated Lender for the benefit of the Senior Creditor and forthwith paid to the Senior Creditor.

ARTICLE 3 SUB-AGENCY

Section 3.01 Sub-Agency. The Senior Creditor agrees that if it shall at any time have Senior Creditor Security on Collateral that can be perfected by the possession or control of such Collateral or by control over any account in which such Collateral is held, and if such Collateral or such account is in fact in the possession or under the control of the Senior Creditor, or of agents or bailees of the Senior Creditor (such Collateral being referred to herein as the "Pledged or

Controlled Collateral”), the Senior Creditor shall, solely for the purpose of perfecting the lien granted pursuant to the Subordinated Lender Security, also hold such Pledged or Controlled Collateral as gratuitous bailee for the Subordinated Lender.

Section 3.02 Obligations of Senior Creditor. The obligations and responsibilities of the Senior Creditor to the Subordinated Lender under this Article shall be limited solely to holding or controlling the Pledged or Controlled Collateral as gratuitous bailee. Without limiting the foregoing, the Senior Creditor shall have no obligation or responsibility to ensure that any Pledged or Controlled Collateral is genuine or owned by the Borrower or Guarantors. The Senior Creditor shall not, by reason of this Agreement, have a fiduciary relationship in respect of the Subordinated Lender.

Section 3.03 Transfer of Pledged or Controlled Collateral. Upon payment in full of the Senior Indebtedness (up to the Senior Indebtedness Cap), upon written instruction from the relevant party, the Senior Creditor shall transfer the possession and control of the Pledged or Controlled Collateral, together with any necessary endorsements but without recourse or warranty, (a) if the Subordinated Indebtedness is outstanding at such time, to the Subordinated Lender, and (b) if no Subordinated Indebtedness is outstanding at such time, to the Borrower, in each case so as to allow such person to obtain possession and control of such Pledged or Controlled Collateral. In connection with any transfer under clause (a) of the immediately preceding sentence, the Senior Creditor agrees to take reasonable actions in its power (with all costs and expenses in connection therewith to be for the account of the Borrower) as shall be reasonably requested by the Subordinated Lender to permit the Subordinated Lender to obtain a first priority security interest in the Pledged or Controlled Collateral provided that obtaining a first priority security interest is commercially possible and the Senior Creditor shall not suffer any adverse effect in so doing.

ARTICLE 4 COVENANT

Section 4.01 Investment Agreement. The Borrower and the Subordinated Lender covenant and agree that each party shall use its commercial best efforts to negotiate and enter into an investment agreement within thirty (30) days of the First Closing Date (as such term is defined in the Subordinated Funding Agreement) on terms and conditions as similar as possible to the investment agreement dated November 6, 2018 between Alumina Partners (Ontario) Ltd. and the Borrower.

ARTICLE 5 MISCELLANEOUS

Section 5.01 Unconditional Obligations. All rights, agreements and obligations of the Senior Creditor and the Subordinated Lender and the Borrower and the Guarantors hereunder, to the extent applicable, will remain in full force and effect irrespective of any matter or thing, including:

- (a) The validity, lack of validity, perfection, lack of perfection, enforceability or unenforceability of any loan and security documents.
- (b) The time of creation, granting, execution, delivery, attachment, registration, filing, perfection or enforcement of any of the Senior Indebtedness or Subordinated

Indebtedness, or the Senior Creditor Security or the Subordinated Lender Security, or any part thereof.

- (c) The time of any loan or advance made to the Borrower or any Guarantor by any Lender.
- (d) The jurisdictions where any of the Senior Creditor Security or the Subordinated Lender Security is registered or failure of either Lender to properly register or perfect any of such security in any jurisdiction.
- (e) The time of default or demand or acceleration of payment.
- (f) Any priority otherwise granted to the Senior Indebtedness or the Subordinated Indebtedness, or the Senior Creditor Security or the Subordinated Lender Security, under applicable law, including purchase-money security interests.
- (g) Any act or omission of the Borrower, any Guarantor, or any other person.
- (h) Any other matter whatsoever.

Section 5.02 Subrogation. The Subordinated Lender shall not be subrogated to the rights of the Senior Creditor to receive payments of cash or other property of the Borrower or any Guarantor in respect of and on account of the Subordinated Indebtedness unless and until the Senior Indebtedness has been repaid in full, as confirmed in writing by the Senior Creditor. For the purposes of such subrogation, no payment or distribution made to the Senior Creditor to which the Subordinated Lender would be entitled except for this Agreement, and no payments made under the provisions of this Agreement to the Senior Creditor by the Subordinated Lender, shall, as among the Borrower, any Guarantor, their creditors and the Subordinated Lender, be deemed to be a payment by the Borrower or any other Guarantor to or on account of the Subordinated Indebtedness. The Subordinated Lender agrees that in the event that all or any part of a payment made with respect to the Senior Indebtedness is returned to the Borrower from the Senior Creditor in a bankruptcy or insolvency proceeding, or otherwise, any payment or distribution received by the Subordinated Lender with respect to the Subordinated Indebtedness at any time after the date of the payment that is so recovered, whether under the right of subrogation provided for in this Agreement, or otherwise, shall be deemed to have been received by the Subordinated Lender in trust for the Senior Creditor, and the Subordinated Lender shall forthwith deliver the same to the Senior Creditor for application to the Senior Indebtedness, until the Senior Indebtedness has been paid in full, as confirmed in writing by the Senior Creditor.

Section 5.03 Fraudulent Preferences and Conveyances. If the Senior Creditor receives any payment or other distribution on account of the Senior Indebtedness and such payment or other distribution is subsequently invalidated, declared to be fraudulent or preferential, or required to be repaid to the Borrower, any Guarantor, an interim receiver, receiver, receiver manager, trustee or

other person then, to the extent of such payment required to be repaid, the Senior Indebtedness shall be revived as if such payment had not been received by the Senior Creditor.

Section 5.04 Amendment and Modification. This Agreement may only be amended, modified or supplemented by an agreement in writing, signed by the Senior Creditor and the Subordinated Lender. The agreement in writing shall then be binding on the Borrower and the Guarantors.

Section 5.05 Waiver. No waiver by any party of any of the provisions hereof is effective unless explicitly set forth in writing and signed by the party so waiving. No waiver by any party will operate or be construed as a waiver in respect of any failure, breach or default not expressly identified by such written waiver, whether of a similar or different character and whether occurring before or after that waiver. No failure to exercise, or delay in exercising, any right, remedy, power or privilege arising from this Agreement will operate or be construed as a waiver thereof; nor will any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof, or the exercise of, any other right, remedy, power or privilege.

Section 5.06 Successors and Assigns. This Agreement is binding upon, and shall enure to the benefit of, the parties hereto and their respective permitted successors and permitted assigns. The Senior Creditor may, from time to time, without notice to the Subordinated Lender, assign or transfer any or all of the Senior Indebtedness, the Senior Creditor Security, or any interest therein to any person and, notwithstanding any such assignment or transfer, or any subsequent assignment or transfer, the Senior Indebtedness, the Senior Creditor Security, or any interest therein shall, subject to the terms hereof, be and remain the Senior Indebtedness and the Senior Creditor Security for purposes of this Agreement, and every permitted assignee or transferee of any of the Senior Indebtedness, the Senior Creditor Security or of any interest therein shall, to the extent of the interest of such permitted assignee or transferee in the Senior Indebtedness, the Senior Creditor Security or any interest therein, be entitled to rely upon and be the third-party beneficiary of the subordination provided under this Agreement and shall be entitled to enforce the terms and provisions hereof to the same extent as if such assignee or transferee were initially a party hereto. The Subordinated Lender cannot sell, assign, encumber or otherwise transfer, in whole or in part, the Subordinated Indebtedness, the Subordinated Lender Security, or assign its rights under this Agreement, without the prior written consent of the Senior Creditor and unless such permitted assignee signs a written agreement in form and substance satisfactory to the Senior Creditor, agreeing to be bound by the terms of this Agreement.

Section 5.07 Notices. All notices, requests, consents, claims, demands, waivers and other communications hereunder shall be in writing, addressed to the parties at the addresses set forth in the Senior Loan Agreement and the Subordinated Funding Agreement respectively and delivered to the parties as set forth in the Senior Loan Agreement and the Subordinated Funding Agreement respectively.

Section 5.08 Further Assurances. Each of the parties hereto shall execute and deliver such additional documents, instruments, conveyances, and assurances and take such further actions as

may be required to carry out the provisions hereof and give effect to the transactions contemplated hereby.

Section 5.09 Power of Attorney. The Subordinated Lender hereby irrevocably appoints the Senior Creditor as attorney of the Subordinated Lender (with full power of substitution) to do, make and execute in the name of and on behalf of the Subordinated Lender all such further actions as may be required to carry out the provisions hereof and give effect to the transactions contemplated hereby, including, without limitation, to execute and deliver such additional documents, instruments, conveyances and assurances. All acts of the attorney are hereby ratified and confirmed, and the attorney will have no liability whatsoever, absent gross negligence or wilful misconduct. This power of attorney is coupled with an interest and shall be irrevocable by the Subordinated Lender.

Section 5.10 Severability. If any term or provision of this Agreement is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability will not affect any other term or provision of this Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction.

Section 5.11 Governing Law. This Agreement is governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable in that Province.

Section 5.12 Submission to Jurisdiction. Any action or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby will be instituted in the courts of the Province of Ontario, and each party irrevocably submits to the non-exclusive jurisdiction of such courts in any such action or proceeding. The parties irrevocably and unconditionally waive any objection to the venue of any action or proceeding in such courts and irrevocably waive and agree not to plead or claim in any such court that any such action or proceeding brought in any such court has been brought in an inconvenient forum.

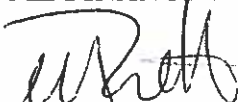
Section 5.13 Counterparts and Facsimile. This Agreement may be executed in counterparts, each of which is deemed an original, but all of which together are deemed to be one and the same agreement. A signed copy of this Agreement delivered by facsimile, email or other means of electronic transmission is deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

Section 5.14 Entire Agreement. This Agreement and all related exhibits and schedules, constitutes the sole and entire agreement of the parties to this Agreement, with respect to the subject matter contained herein, and supersedes all prior and contemporaneous understandings, agreements, representations and warranties, both written and oral, with respect to such subject matter.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

TRICHOME FINANCIAL CORP.

By: 
Name: Michael Ruschetta
Title: Chief Financial Officer

LIND GLOBAL MACRO FUND, LP, by
its general partner, **LIND GLOBAL
PARTNERS, LLC**

By: _____
Name:
Title:

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

TRICHOME FINANCIAL CORP.

By: _____
Name: Michael Ruscetta
Title: Chief Financial Officer

LIND GLOBAL MACRO FUND, LP, by
its general partner, **LIND GLOBAL
PARTNERS, LLC**

By:  _____
Name: Jeff Easton
Title: Member

TO: TRICHOME FINANCIAL CORP.
AND TO: LIND GLOBAL MACRO FUND, LP

We acknowledge and agree with the terms and covenants contained in this Agreement and agree to be bound by them.

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:

GROWTH STORM INC.

By: Nathan Woodworth
6832A3268973407B0525AE86C621B68C contractworks

Name:
Title:

Schedule A
Subordinated Funding Agreement Payment Terms

Pursuant to the Subordinated Funding Agreement, the Subordinated Lender will advance \$2,000,000 to the Borrower in exchange for an uncertificated convertible security (the “**First Convertible Security**”) with a 24 month term. The First Convertible Security has a face value of \$2,400,000 (the “**Face Value**”), consisting of a \$2,000,000 principal amount and a \$400,000 prepaid interest portion. The Face Value of the First Convertible Security is convertible into common shares of the Borrower in accordance with the terms of the Subordinated Funding Agreement. The Borrower is obligated to repay the principal amount of the First Convertible Security in equal monthly installments of \$100,000 each, commencing in the calendar month which is four months and one day following the date of issuance of the First Convertible Security. The Borrower has a right to buy-back the entire outstanding Face Value of the First Convertible Security at any time.

This is Exhibit **“P”** *referred to in the*
affidavit of Nathan Woodworth
sworn before me, this 31st
day of March, 2020

.....
A COMMISSIONER FOR TAKING AFFIDAVITS

Date: March 10, 2020

James E. Wagner Cultivation Corporation

as Company

Lind Global Macro Fund, LP

as Investor

Convertible Security Funding Agreement

Agreement for a private placement of C\$1,200,000 by way of a convertible security

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This Agreement is made the 10th day of March, 2020

Parties

- 1 James E. Wagner Cultivation Corporation of 530 Manitou Drive, Kitchener, Ontario N2C 1L3 Canada (the *Company*)
- 2 Lind Global Macro Fund, LP of 444 Madison Ave., FI 41, New York, NY 10022 U.S.A (the *Investor*)

Recital

The Investor has agreed to invest an amount of C\$1,200,000 in the Company, and the Company has agreed to issue the Convertible Security to the Investor in accordance with the terms of this Agreement.

It is agreed as follows:

1. Definitions and Interpretation

1.1 Definitions

The following definitions apply unless the context requires otherwise.

1933 Act means the United States Securities Act of 1933.

Accrued Pre-Paid Interest means the then-accrued amount of pre-paid interest in respect of the Convertible Security following the issuance of the Convertible Security, with pre-paid interest to accrue monthly over a period of 24 months from the Closing Date and be calculated at the end of each calendar month (resulting in 24 equal amounts), excepting that in the case of a buy-back pursuant to clause 5.1, the amount of the then-accrued pre-paid interest in respect of the Convertible Security shall be the Total Interest Amount of such Convertible Security less any Accrued Pre-Paid Interest converted or repaid at the relevant time.

Affiliate has the meaning ascribed to the terms "affiliate" and "affiliated" under the *Securities Act* (Ontario).

Agreement means this agreement.

Amount Outstanding means the then-outstanding Face Value in respect of the Convertible Security following the issuance of the Convertible Security, after:

- (a) conversion of, in respect of the Convertible Security, any Conversion Amounts into Conversion Shares under clause 5.3 (if any); and
- (b) any other amounts that have been repaid by the Company to the Investor in respect of the Face Value of the Convertible Security.

Business Day means any day of the year, other than a Saturday, Sunday or a statutory holiday in New York, New York, or Toronto, Ontario.

Business Hours means 9:00AM to 5:00PM.

Buy-Back Conversion Amount means the amount so specified by the Investor to the Company under a Buy-Back Conversion Notice under clause 5.1(b).

Buy-Back Conversion Notice means a notice issued by the Investor to the Company as described in clause 5.1(b).

Buy-Back Conversion Option has the meaning given to this term in clause 5.1(a).

Buy-Back Conversion Shares has the meaning given to it in clause 5.1(b).

Buy-Back Notice means a notice issued by the Company to the Investor as described in clause 5.1(a).

C\$ means Canadian dollars, the legal currency of Canada.

Canadian Securities Laws means all applicable securities laws in each of the Provinces of British Columbia, Alberta and Ontario emanating from Governmental Authorities including the respective rules and regulations made thereunder together with applicable published national and local instruments, policy statements, notices, blanket rulings and orders of the Securities Commissions, all discretionary rulings and orders, if any, of the Securities Commissions and the TSXV Rules, all as the same are in effect at the date hereof.

Cash Conversion Amount has the meaning given to that term in clause 5.5(b)(i).

Cash Conversion Notice has the meaning given to that term in clause 5.5(b)(i).

Change in Law Termination Event means:

- (i) a change in an interpretation or administration of a Law;
- (ii) compliance by the Investor or any of its Affiliates with a Law or an interpretation or administration of a Law; or
- (iii) a change after the date of this Agreement in a Law or an interpretation or administration of a Law,

which has, in the reasonable opinion of the Investor, directly or indirectly, the effect of:

- (iv) varying the duties, obligations or liabilities of the Company or the Investor in connection with any Transaction Document or Contemplated Transactions such that the Investor's rights, powers, benefits, remedies or economic burden (including any Tax treatment in the hands of the Investor) are materially and adversely affected; or
- (v) otherwise materially and adversely affecting the rights, powers, benefits, remedies or the economic burden of the Investor (including by way of delay or postponement),

provided that the definition of Change in Law Termination Event excludes for this purpose any applicable Law regarding maximum permitted rates of interest.

Change of Control Event means, in respect of the Company:

- (a) a change in the composition of the board of directors of the Company at a single shareholder meeting where 33.3% or more of the individuals that were nominated by the Company as proposed directors are no longer directors at the conclusion of such meeting by reason of shareholder resolution; or
- (b) a change in the composition of the board of directors of the Company during the Term where 50% or more of the individuals that are directors at the Execution Date cease to be directors during the Term for a reasons other than resignation or retirement; or
- (c) if the President and Chief Executive Officer of the Company as at the Execution Date ceases to hold a full-time position with the Company; or
- (d) other than a shareholder that holds such a position at the date of this Agreement, if an individual, person or legal entity comes to have beneficial ownership, control or direction over more than 50% of the voting rights attached to any class of voting securities of the Company; or

- (e) the sale or other disposition by the Company and its Subsidiaries in a single transaction, or in a series of transactions, of all or substantially all of the Company's and its Subsidiaries' assets, on a consolidated basis.

Closing means the First Closing or Pre-Paid Interest Closing, as applicable.

Closing Date means the First Closing Date.

Competitor means any company holding any class of licence issued by the government of Canada through Health Canada which grants them licence to produce, cultivate, store, package, process, research, test or sell cannabis in any form for any purpose in the federal jurisdiction of Canada.

Contemplated Transactions means the transactions contemplated in this Agreement.

Conversion means the conversion of all or part of the Convertible Security in accordance with clause 5.3, and including, for greater certainty, a conversion of the Convertible Security pursuant to a Buy-Back Conversion Notice and a conversion of Accrued Pre-Paid Interest.

Conversion Amount means an amount specified in a Conversion Notice.

Conversion Date means a date specified by the Investor in a Conversion Notice.

Conversion Notice means a notice given by the Investor to the Company pursuant to clause 5.3(a) or 5.3(b) or a Buy-Back Conversion Notice.

Conversion Price means the First Conversion Price or the Pre-Paid Interest Conversion Price, as the context requires, subject to adjustment pursuant to clause 17.4.

Conversion Shares means Shares issuable or issued (as applicable) in accordance with clause 5.3, including, for greater certainty, the Buy-Back Conversion Shares and Shares issued at a Pre-Paid Interest Closing.

Convertible Security means the First Convertible Security.

Corporations Act means the *Business Corporation Act* (Ontario) and the regulations thereunder.

Debt Proceeds has the meaning given to that term in clause 10.3(c).

Designated Warrant Holder means:

Lind Global Macro Fund, LP
c/o The Lind Partners, LLC
444 Madison Ave., Fl 41
New York, NY 10022 USA

or such other Person as Investor designates in writing to Company, provided such Person is entitled to subscribe for such Warrants in compliance with prospectus and registration exemptions of applicable securities laws and the TSXV Rules.

Disclosure Schedule has the meaning given to that term in clause 7.4(b).

E-mail Time has the meaning given to that term in clause 17.7(c)(i).

Effective Interest Rate means, with respect to the Convertible Security, a rate expressed as a percentage per annum obtained by solving for 'r' in the following formula:



where:

P0 equals the Funded Amount, less the Closing Fee, which is C\$1,140,000;

D0 equals the Closing Date;

Pi equals the i^{th} payment or conversion, and for greater certainty does not include warrant values or trading profit;

di equals the i^{th} payment or conversion date; and

r is the Effective Interest Rate.

Environmental Laws has the meaning given to that term in clause 7.1(p).

Event of Default means an event of default as set out in clause 12.1.

Exchange Act means the United States Exchange Act of 1934.

Execution Date means the date of this Agreement first written above.

Face Value means the Face Value of the First Convertible Security as set out in and varied by clause 2.1.

Face Value of the First Convertible Security has the meaning given to that term in 2.1(a).

First Closing has the meaning given to that term in clause 2.1(a).

First Closing Date means the date of First Closing, as defined in clause 2.1(a).

First Closing Fee means an amount payable by the Company to the Investor on the First Closing Date, as consideration for the Investor effecting First Closing, which must be paid in the amount of C\$60,000 in accordance with clause 3.1.

First Conversion Price means C\$0.13.

First Convertible Security has the meaning given to that term in clause 2.1(a).

First Warrants means 4,616,123 warrants, such number being equal to 52.64% warrant coverage of the Funded Amount of the First Convertible Security (less the First Closing Fee), to purchase Shares exercisable at the Warrants Exercise Price on or before the date falling twenty-four (24) months after their issue, granted in accordance with the terms and conditions set out in Annexure A.

Frustration Termination Event means there comes into force an applicable Law which, or an official or reasonable interpretation of which, in the Investor's reasonable opinion, makes it illegal or impossible for the Investor or the Company to undertake any of the Contemplated Transactions, in accordance with this Agreement, or renders consummation of any of the Contemplated Transactions in accordance with this Agreement unenforceable, void, voidable or unlawful, or contrary to or inconsistent with any Law.

Funded Amount means the Face Value of the Convertible Security less the relevant Total Interest Amount.

Funds Flow Request has the meaning given to it in clause 4.1(a)(iv).

Governmental Authority means any United States, Canadian or other (a) multinational, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, bureau or agency, domestic or foreign, (b) any subdivision, agent, commission, board, or authority of any of the foregoing, or (c) any quasi-governmental or private body exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing, and any stock exchange or self-regulatory authority and, for greater certainty, includes the Securities Commissions, the TSXV and Market Regulation Services Inc.

IFRS means the International Financial Reporting Standards.

Insolvency Event means the commencement by the Company or any Subsidiary of a voluntary proceeding under applicable bankruptcy or insolvency legislation (**Bankruptcy Laws**) or the commencement by any person of involuntary proceedings under Bankruptcy Laws against the Company or any Subsidiary that are not dismissed within sixty (60) days after commencement thereof, or a receiver or administrator is appointed for or takes charge of all or substantially all of the property of the Company or any Subsidiary, or the Company or any Subsidiary commences any other proceeding under any proposal, arrangement, adjustment of debt, relief of debtors, dissolution, insolvency or liquidation or similar Law of any jurisdiction whether now or hereafter in effect relating to the Company or any Subsidiary, or the Company or any Subsidiary is adjudicated insolvent or bankrupt, or any order or relief or other order approving any such case or proceeding is entered, or the Company or any Subsidiary makes a general assignment for the benefit of creditors.

Interest Accrual Period has the meaning given to that term in clause 10.18(a).

Investor Indemnified Person has the meaning given to that term in clause 16.2(a).

Investor's Shares means the Conversion Shares and the Shares issued or issuable on exercise of the Warrants or otherwise to the Investor under this Agreement.

Law means Canadian Securities Laws, US Securities Laws and all other statutes, regulations, statutory rules, orders, by-laws, codes, ordinances, decrees, the terms and conditions of any grant of approval, permission, authority or license, or any judgment, order, decision, ruling, award, policy or guideline, of any Governmental Authority, and the term **applicable** with respect to such Laws and in the context that refers to one or more persons, means that such Laws apply to such person or persons or its or their business, undertaking, property or securities and emanate from a Governmental Authority having jurisdiction over the person or persons or its or their business, undertaking, property or securities.

Lien means a lien, charge, mortgage, security interest, encumbrance, right of first refusal, or pre-emptive right.

Lock-Up Period means the period during which the Investor may not trade Conversion Shares on the TSXV, being the period commencing from the First Closing Date and ending on the date that is four (4) months and one (1) calendar day after the First Closing Date, provided the relevant provisions of NI 45-102 and the Exchange Hold Period (as such term is defined in the TSXV Rules) are otherwise complied with.

Losses has the meaning given to that term in clause 16.2(a).

Market Capitalization means the total dollar market value of the Company's outstanding Shares calculated by multiplying the total number of the outstanding Shares at the relevant time by the current market price of one Share on the TSXV.

Market Price means the last closing price of the Shares on the TSXV on the relevant Trading Day, provided that in no event will the price per Share be less than C\$0.05.

Material Adverse Effect means a material adverse effect on: (a) the assets, liabilities, results of operations, condition (financial or otherwise), business (including, for greater certainty, an effect resulting from a change in Health Canada cannabis laws and regulations), or prospects of the Company and its Subsidiaries taken as a whole; or (b) the ability of the Company to perform its obligations under this Agreement; provided that "Material Adverse Effect" shall not include any event, occurrence, fact, condition or change, directly or indirectly, arising out of or attributable to: (i) general economic or political conditions; (ii) any changes in financial or securities markets in general; (iii) acts of war (whether or not declared), armed hostilities or

terrorism, or the escalation or worsening thereof; (iv) any action required or permitted by this Agreement; (vi) any changes in applicable Laws (other than Health Canada cannabis laws and regulations and other laws of a similar nature) or accounting rules; or (vii) the public announcement, pendency or completion of the transactions contemplated by this Agreement; provided further that any event, occurrence, fact, condition or change referred to in clauses (i) through (iii) immediately above shall be taken into account in determining whether a Material Adverse Effect has occurred or could reasonably be expected to occur to the extent that such event, occurrence, fact, condition or change has a disproportionate effect on the Company compared to other participants in the industries in which the Company operates.

Materials has the meaning given to that term in clause 7.1(u)(i).

Misrepresentation has the meaning given to that term under Canadian Securities Laws applicable in the Province of Ontario.

Money Laundering Laws has the meaning given to that term in clause 7.1(t).

NI 45-102 means National Instrument 45-102 *Resale of Securities*.

NI 45-106 means National Instrument 45-106 *Prospectus Exemptions*.

OFAC has the meaning given to that term in clause 7.1(r).

Party means a party to this Agreement.

Permitted Secured Indebtedness shall mean the principal of and premium or make-whole amount, if any, and interest, or any other amounts payable thereunder, if any, on: (a) all indebtedness, liabilities and obligations of the Company to Trichome, whether outstanding on the Execution Date or hereafter created, incurred, assumed or guaranteed, in an amount of no more than C\$12,500,000, (b) renewals, extensions, restructurings, refinancings and refundings of any indebtedness set out in (a), (c) all indebtedness, liabilities and obligations of the Company incurred by the Company in the ordinary course of its business, provided prior written approval of the Investor has been received in connection with such indebtedness, liabilities and obligations being considered Permitted Secured Indebtedness under this Agreement, which approval will be at the sole and absolute discretion of the Investor, and (d) all indebtedness, liabilities and obligations of the Company to Investor under the Convertible Security Funding Agreement dated December 29, 2019.

Pre-Paid Interest Closing has the meaning given to that term in clause 5.3(b).

Pre-Paid Interest Conversion Price means the conversion price per Share equal to 100% of the Market Price per Share on the last Trading Day immediately prior to the relevant Conversion, in respect of the Conversion of any Accrued Pre-Paid Interest of the Convertible Security pursuant to clause 5.3.

Proceeding has the meaning given to that term in clause 16.2(a)(v).

Prohibited Transaction means a transaction with a third party or third parties in which the Company issues or sells (or arranges or agrees to issue or sell):

- (a) any debt, equity or equity-linked securities (including options or warrants) that are convertible into, exchangeable or exercisable for, or include the right to receive Shares:
 - (i) at a conversion, repayment, exercise or exchange rate or other price that is based on, and/or varies with, the trading prices of, or quotations for, the Shares; or
 - (ii) at a conversion, repayment, exercise or exchange rate or other price that is subject to being reset at some future date after the initial issuance of such

debt, equity or equity-linked security or upon the occurrence of specified or contingent events, or

- (b) any securities in a capital or debt raising transaction or series of related transactions which grant to an investor the right to receive additional securities based upon future transactions of the Company on terms more favourable than those granted to such investor in such first transaction or series of related transactions;

and are deemed to include transactions generally referred to as equity lines of credit and stand-by equity distribution agreements, and convertible securities and loans having a similar effect. For the avoidance of doubt, rights issuances, shareholder purchase plans, employee share ownership plans, the issuance of convertible securities, or equity issuances, based on the Company's trading price but each at a fixed price per Share, are not Prohibited Transactions.

Public Record means the documents filed by the Company with the Canadian securities regulatory authorities under the Company's profile on the SEDAR website (www.sedar.com).

Relevant Information has the meaning given to that term in clause 17.14(a).

Repayment has the meaning given to that term in clause 5.2.

Securities means each of the Investor's Shares, Convertible Security, and Warrants, and all of the Investor's Shares, Convertible Security and the Warrants collectively.

Securities Commissions means, collectively, the securities commissions or other securities regulatory authorities in the provinces of British Columbia, Alberta and Ontario.

Security Structure Event means any consolidation, subdivision or any payment of a special dividend in Shares of the Company or distribution of Shares of the Company to holders of its outstanding Shares, which for the avoidance of doubt, does not include a rights offering, private placement or public offering of Shares.

Securities Termination Event means any of the following has occurred:

- (a) trading in securities generally in Canada or the United States has been suspended or limited for a consecutive period of greater than five (5) Business Days; or
- (b) a banking moratorium has been declared by Canada, the United States or the New York State authorities and is continuing for a consecutive period of greater than five (5) Business Days.

Share means a fully paid common share in the capital of the Company and includes (where applicable) Investor's Shares.

Share Custodian means the share custodian notified by the Investor to the Company on or before the first Conversion.

Subsidiary has the meaning given to that term in the Corporations Act.

Tax means (a) any and all taxes, duties, fees, excises, premiums, assessments, imposts, levies and other charges or assessments of any kind whatsoever imposed by any Governmental Authority, whether computed on a separate, consolidated, unitary, combined or other basis, including those levied on, or measured by, or described with respect to, income, gross receipts, profits, gains, windfalls, capital, capital stock, production, recapture, transfer, land transfer, license, gift, occupation, wealth, environment, net worth, indebtedness, surplus, sales, goods and services, harmonized sales, use, value-added, excise, special assessment, stamp, withholding, business, franchising, real or personal property, health, employee health, payroll, workers' compensation, employment or unemployment, severance, social services, social security, education, utility, surtaxes, customs, import or export, and including all license

and registration fees and all employment insurance, health insurance and government pension plan premiums or contributions; (b) all interest, penalties, fines, additions to tax or other additional amounts imposed by any Governmental Authority on or in respect of amounts of the type described in clause (a) above or this clause (b); (c) any liability for the payment of any amounts of the type described in clauses (a) or (b) as a result of being a member of an affiliated, consolidated, combined or unitary group for any period; and (d) any liability for the payment of any amounts of the type described in clauses (a) or (b) as a result of any express or implied obligation to indemnify any other person or as a result of being a transferee or successor in interest to any Party.

Term means the period commencing from the First Closing Date and ending on the date that is the earlier of: (i) twenty-four (24) months from the First Closing Date; and (ii) thirty (30) calendar days after the date on which there is nil Amount Outstanding for the First Convertible Security due to the Amount Outstanding having been fully converted and/ or fully repaid.

Total Interest Amount means the total pre-paid interest amount on the Convertible Security.

Trading Day means a day on which the TSXV is open for the buying and selling of securities.

Transaction Documents means this Agreement and all Warrant certificates issued under this Agreement.

Trichome means Trichome Financial Corp., an Ontario corporation to which the Company is as at the Execution Date and may be from time to time during the Term indebted.

TSXV means the TSX Venture Exchange.

TSXV Rules means the TSXV Corporate Finance Manual.

US Securities Laws means all applicable U.S. federal and state securities laws including the respective rules and regulations made thereunder together with applicable rules, policies, notices, discretionary rulings and orders issued by applicable securities regulatory authorities having application, all as the same are in effect at the date hereof.

VWAP means the volume weighted average trading price of the Shares, calculated by dividing the total value by the total volume of the Shares traded for the relevant period, as reported by Bloomberg, LP.

Warrants means the First Warrants.

Warrants Exercise Price means C\$0.13, subject to all adjustments pursuant to this Agreement.

Warrant Exercise Proceeds has the meaning given to that term in clause 10.17(a).

1.2 Interpretation

The following rules apply unless the context requires otherwise.

- (a) Headings and sub-headings used in this Agreement are used for convenience only and do not affect interpretation.
- (b) The singular includes the plural, and the converse also applies.
- (c) A gender includes all genders.
- (d) If a word or phrase is defined, its other grammatical forms have a corresponding meaning.
- (e) A reference to a clause is a reference to a clause of this Agreement.
- (f) Mentioning anything after "includes", "including", "for example", or similar expressions, does not limit what else might be included.

- (g) A reference to an agreement or document (including a reference to this Agreement) is to the agreement or document as amended, supplemented or novated.
- (h) Each reference to the word "person" in this Agreement will be deemed to include an individual, corporation, partnership, trust, incorporated or unincorporated association or body, joint venture, limited liability company, joint stock company, government (or any agency or subdivision), and other entity of any kind.
- (i) As used in this Agreement, references to the Recitals, clauses, Disclosure Schedule and the Annexures are references, respectively, to the Recitals of, clauses of, Disclosure Schedule to, and the Annexures to, this Agreement unless otherwise indicated.
- (j) The Disclosure Schedule and the Annexures identified in this Agreement are incorporated in this Agreement by reference and made a part of this Agreement.
- (k) Where a Closing Date falls on a day that is not a Business Day, the Closing will occur on the day that is the next day that is a Business Day.
- (l) Where a Conversion Date falls on a day that is not a Business Day or a day on which the TSXV is not open for trading, the relevant Conversion will occur on the day that is the next day that is a Business Day and a day on which the TSXV is open for trading.
- (m) References in this Agreement to volume of trading of Shares and market price of Shares will be determined by reference to the calculations from the trading of such Shares on the TSXV, or if the Shares are not hereafter listed on TSXV, such other primary stock exchange or stock market upon which the Shares of the Company may be listed from time-to-time hereafter.
- (n) Any reference to time on a given day, excluding in connection with the meaning of Business Hours herein, shall be a reference to the local time in New York, New York on such day.
- (o) This Agreement will be construed without regard to any presumption or rule requiring construction or interpretation against the Party drafting or causing any instrument to be drafted.

2. Convertible Security

2.1 Convertible Security

On the terms and subject to the conditions of this Agreement, and in reliance on the respective representations and warranties of the Parties set out in this Agreement:

- (a) within ten (10) Trading Days of the Execution Date or such later date as may be determined in accordance with the provisions of this Agreement (the **First Closing Date**), the Investor will advance to the Company C\$1,200,000 having a Total Interest Amount of C\$240,000 (regardless of whether the conversion and/or repayment of the entire Amount Outstanding for the First Convertible Security occurs before the expiry of the Term), which following the set off of the C\$60,000 First Closing Fee under clause 3.1 will result in the Investor being required to advance the Company C\$1,140,000 (subject to any additional set off in this Agreement) (**First Closing**) in consideration of which the Company shall issue (and at the First Closing will be deemed to have issued) to the Investor an uncertificated convertible security with a face value of C\$1,440,000 (**Face Value of the First Convertible Security**) (representing a principal amount of C\$1,200,000 plus a Total Interest Amount of C\$240,000) on the terms set out in this Agreement (the **First Convertible Security**);

2.2 Interest

- (a) If as a result of a Conversion or otherwise (other than a voluntary repayment or action of the Company under this Agreement) it is determined by the Investor or a court of competent jurisdiction that the effective rate of interest paid or payable on the Amount Outstanding or the Face Value is an effective rate of interest greater than the maximum prescribed by applicable Law, then the Parties shall take such steps, and modify this Agreement in such manner (including but not limited to extending the Term and/or other remedial action), in each case in the sole discretion of the Investor, so that the effective rate of interest paid or payable does not contravene such section, including, if required, by the repayment by the Investor to the Company of a sufficient amount of interest that was originally set-off from the Face Value so that the resulting amount of interest received by the Investor does not result in an effective rate of interest greater than that permitted. For greater certainty, the parties agree that this clause 2.2(a) shall not affect the Company's ability to buy-back the Amount Outstanding at any time in accordance with clause 5.1 hereof.
- (b) For greater certainty, the interest payable on the First Convertible Security shall be the Total Interest Amount on the First Convertible Security of \$240,000 divided into 24 equal portions which accrue monthly from the First Closing until the end of the Term is complete. In the event that a buy-back pursuant to clause 5.1 occurs, the amount of the then Accrued Pre-Paid Interest owing in respect of the First Convertible Security shall be the Total Interest Amount less any Accrued Pre-Paid Interest previously converted or repaid.
- (c) The Company and the Investor agree that the Effective Interest Rate of the outstanding Convertible Security shall not exceed 24% per annum. The Company shall not be obligated to pay the Investor any interest that would result in the Effective Interest Rate of the Convertible Security to be greater than an Effective Interest Rate of 24% per annum, and any such additional accrued interest shall be forfeited. For greater certainty, any interest payments made pursuant to clause 14(e) shall be considered interest payments in calculating the Effective Interest Rate.

3. Closing Fees and Warrants

3.1 Closing Fees

At the First Closing, the Company must pay the First Closing Fee to the Investor, which payment must be paid and discharged by the Company by being offset against the funding obligation of the Investor under clause 2.1(a), such that the Investor pays C\$1,140,000 at the First Closing for the First Convertible Security.

3.2 Closing Warrants

At the First Closing, the Company shall grant to the Investor or Designated Warrant Holder, as directed by the Investor, the First Warrants and promptly deliver to the Investor a warrant certificate representing the First Warrants.

4. Conditions Precedent to Closing

4.1 Conditions Precedent to Closing – Investor

The Investor will have no obligation to pay or advance the amount under clause 2.1(a) to the Company or to effect the relevant Closing, unless and until the following conditions are

fulfilled, or waived in writing by the Investor, by no later than immediately prior to the relevant Closing:

- (a) The Company has delivered or caused to be delivered to the Investor, and the Investor has received, the following:
 - (i) a copy of the resolutions duly adopted by the Board of Directors of the Company, approving the execution and delivery of this Agreement and the transactions contemplated hereby, in form acceptable to the Investor acting reasonably;
 - (ii) an executed copy of each of the documents required by clause 10.4;
 - (iii) copies of such additional documents (including evidence demonstrating all relevant approvals have been obtained from each person who is a party to an agreement with the Company where the transactions contemplated by a Closing would otherwise contravene, breach or constitute an event of default under that agreement with such person, as applicable), certificates, payments, assignments, transfers and other deliveries as the Investor or its legal counsel may reasonably request and as are customary in Canada to effect a closing of the matters contemplated at the First Closing under this Agreement; and
 - (iv) the flow of funds request, substantially in the form set out in Annexure B (*Funds Flow Request*).
- (b) Where the Closing, or the issue of the Convertible Security, or Warrants, may not be effected under Canadian Securities Laws or the Corporations Act in the absence of shareholder approval, the Company has obtained all shareholder approvals for the purposes of the Corporations Act and any Canadian Securities Laws and delivered to the Investor, and the Investor has received, documentary evidence (reasonably satisfactory to the Investor) of such shareholder approval having been obtained.
- (c) The representations and warranties of the Company contained in this Agreement are true and correct in all material respects as of the dates as of which they are made or deemed to be made under this Agreement.
- (d) Any and all consents, permits, approvals, registrations, waivers and documents, in the reasonable opinion of the Investor that are necessary or appropriate for the consummation of those Contemplated Transactions that would be consummated at the relevant Closing, have been issued by the Company and received by the Investor and remain in full force and effect.
- (e) The Investor is of the opinion that:
 - (i) no Event of Default has occurred; and
 - (ii) no Event of Default would result from the relevant Closing being effected.
- (f) The Company has performed or complied in all material respects with all agreements and covenants required by this Agreement to be performed or complied with by the Company as at, or prior to, the relevant Closing.
- (g) The Company has received the conditional approval of the TSXV in respect of the issuance of the Convertible Security or Warrants, as the case may be, and the listing of the Shares underlying such Convertible Security or Warrants. To the extent any TSXV approval is conditional upon the Company subsequently filing additional

information or documentation with the TSXV, the Company shall use its commercial best efforts to complete all such filings in the prescribed time period.

- (h) The Investor has received each of the documents required to be delivered, or which evidences satisfaction of the conditions, in accordance with paragraphs (a) – (f) of this clause 4.1 in connection with the relevant Closing.
- (i) The Investor shall have, to its satisfaction, perfected the security interests granted in the assets and collateral described in clause 10.4.
- (j) The Investor's bank or other financial institution has not withheld its approval or authorization for the Investor to make any advance to the Company required to be made by the Investor under this Agreement.

The Investor may, but is not required to, deem the absence of any notification by the Company prior to the relevant Closing that any conditions to the relevant Closing have not been fulfilled to be an assurance that all conditions to the relevant Closing have been fulfilled

4.2 Conditions Precedent to Closing – Company

- (a) The Company will have no obligation to effect the relevant Closing, unless and until the following conditions are fulfilled, or waived in writing by the Company, by no later than immediately prior to the relevant Closing.
 - (i) The Investor has performed or complied in all material respects with all agreements and covenants required by this Agreement to be performed or complied with by the Investor as at, or prior to, the relevant Closing.
 - (ii) The representations and warranties of the Investor contained in this Agreement are true and correct in all material respects as of the dates as of which they are made or deemed to be made under this Agreement.
 - (iii) The Company has received the conditional approval of the TSXV in respect of the issuance of the Convertible Security or Warrants, as the case may be, and the listing of the Shares underlying such Convertible Security or Warrants.
 - (iv) The Company has obtained all necessary shareholder approvals for the purposes of the Corporations Act and any Canadian Securities Laws.

5. Buy-Back, Repayment and Conversion of the Convertible Security

5.1 Buy-Back

- (a) In its sole discretion, the Company may buy-back the Amount Outstanding of the Convertible Security at any time for an amount equal to the Amount Outstanding for the Convertible Security. Any buy-back shall be subject to prior TSXV approval. In the event of the Company elects to exercise its right under this clause 5.1(a), it must issue the Investor a buy-back notice for the Convertible Security (**Buy-Back Notice**), and upon receipt of a Buy-Back Notice, the Investor will have the option to convert up to 25% of the Funded Amount outstanding of the Convertible Security plus an amount equal to 100% of the outstanding Accrued Pre-Paid Interest into Shares at the Investor's discretion (subject to clause 5.5), at the Conversion Price (**Buy-Back Conversion Option**).
- (b) If the Investor wishes to exercise the Buy-Back Conversion Option, it must, within five (5) Business Days of receiving a Buy-Back Notice, issue a buy-back conversion notice (**Buy-Back Conversion Notice**) to the Company specifying the dollar value of

the Funded Amount outstanding and the amount which the Investor requires to be converted into Shares (which, subject to clause 5.5, may be up to 25% of the original principal amount of the Convertible Security plus an amount equal to 100% of the outstanding Accrued Pre-Paid Interest) (**Buy-Back Conversion Shares**) at the Conversion Price (**Buy-Back Conversion Amount**).

- (c) Upon issuing a Buy-Back Notice to the Investor, the Company irrevocably and unconditionally agrees to (as applicable), within five (5) Business Days of receiving the Buy-Back Conversion Notice, or if no Buy-Back Conversion Notice is received, then within ten (10) Business Days of issuing the Buy-Back Notice:
 - (i) pay to the Investor in immediately available funds the Amount Outstanding in respect of the Convertible Security, less the aggregate dollar value of the Buy-Back Conversion Amount requested by the Investor in a Buy-Back Conversion Notice that is permitted hereunder to be settled with Buy-Back Conversion Shares; and
 - (ii) issue the Buy-Back Conversion Shares (if applicable) to the Investor, in accordance with its relevant obligations under clause 5.3.
- (d) For greater certainty, upon the Company complying with the obligations in clause 5.1(c) the Company will have satisfied all obligations to pay the Amount Outstanding to Investor and, provided that there are no Convertible Security outstanding, may at any time thereafter terminate this Agreement by providing written notice to the Investor, following which, the provisions of clause 15.2 will apply.

5.2 Repayment

- (a) Commencing in the calendar month which is the end of the Lock-Up Period, and which shall be deemed a whole month, and for that month and until the Funded Amount of the applicable Convertible Security is fully repaid, the Company shall, subject to this clause 5.2, pay to the Investor in partial repayment of the Funded Amount (each a **Repayment**), an amount equal to C\$60,000 for each month.
- (b) If the Investor waives any Repayment under clause 5.2(a), the obligation to make such Repayment shall be suspended for the duration of such waiver and shall continue thereafter for the total period specified in clause 5.2(a).
- (c) Repayments shall be made in immediately available cash by way of wire transfer or such other method reasonably acceptable to the Company that is approved by the Investor, in its sole discretion. Repayments shall be made on the last day (or the next Business Day thereafter if not a Business Day) of each month on account of the Repayment payable in respect of the month in which such Repayment is incurred.
- (d) If a Conversion occurs during a relevant month and:
 - (i) the Conversion Amount is less than the Funded Amount required to be repaid in that month, being C\$60,000, then the amount of the Repayment required under this clause 5.2 in such month shall be reduced by the amount of such Conversion; or
 - (ii) the Conversion Amount is more than the Funded Amount required to be repaid in that month, being C\$60,000, then the amount of the Repayment required under this clause 5.2 in such month shall be waived and any excess amount converted in the relevant month shall be applied to the Repayment required in the next immediately following month or months. For greater certainty, if such excess Conversion

Amount is in excess of the next scheduled Repayment, such excess amount shall be applied against the Repayment next subsequent to the Repayment satisfied in full by the Conversion Amount.

5.3 Conversion of the Convertible Security

Subject to the limitations set out in clause 5.1, the Investor is permitted to convert the Convertible Security into Shares subject to the following terms and conditions.

- (a) The Investor may in its sole discretion one or more times and from time-to-time at any time during the Term of the Convertible Security, and in any amount, provide the Company with one or more conversion notices (**Conversion Notice**) under this clause 5.3(a) indicating that it requires a Conversion of all or part of the outstanding Funded Amount of the Convertible Security outstanding (less the First Closing Fee), provided that in no event may a Conversion under this clause 5.3 occur during the Lock-Up Period.
- (b) The Investor may in its sole discretion, once each ninety (90) day period commencing from the First Closing and from time-to-time during the Term of the Convertible Security, provide the Company with a Conversion Notice under this clause 5.3(b) indicating that it requires a Conversion of some or all of the then outstanding Accrued Pre-Paid Interest in respect of the Convertible Security, and the closing of a Conversion pursuant to a Conversion Notice delivered pursuant to this clause 5.3(b) shall in each instance be deemed a "**Pre-Paid Interest Closing**". Any Conversion of Accrued Pre-Paid Interest shall be subject to prior TSXV approval. The Investor shall have the right, at its sole discretion, to require the Company to pay any or all of the Accrued Pre-Paid Interest that is the subject matter of an applicable Conversion Notice in immediately available cash (the **Cash Repayment Amount**) by way of wire transfer or such other method as is approved by the Investor. The Investor shall specify in a Conversion Notice delivered in connection with the applicable Pre-Paid Interest Closing the Conversion Amount into Shares or the Cash Repayment Amount, if any.
- (c) Upon receipt by the Company of a Conversion Notice pursuant to clause 5.3(a) or 5.3(b), the Company will effect a Conversion of all or part of the outstanding Funded Amount (less the First Closing Fee) or Accrued Pre-Paid Interest, if and as applicable, of the Convertible Security or part thereof as specified by the Investor in its Conversion Notice using the Conversion Price, by issuing and delivering Shares to the Investor or its nominee on the Conversion Date (as defined below).
- (d) The Parties acknowledge and agree, at any time after the Lock-Up Period:
 - (i) the Investor may deliver a Conversion Notice pursuant to clause 5.3(a) one or more times and from time-to-time;
 - (ii) the Investor may deliver a Conversion Notice pursuant to clause 5.3(b) once each ninety (90) days from time-to-time with the first such period to end on the date that is ninety (90) days immediately following the First Closing Date;
 - (iii) that certificates representing such Shares will not bear any restrictive legend; and
 - (iv) all Conversion Shares to be issued to the Investor under this Agreement will be issued as free trading, unrestricted and unlegended shares in electronic form, unless otherwise directed in writing by the Investor.

- (e) Upon the occurrence of a Change of Control Event, the Investor may, notwithstanding the limitation set forth in clause 5.3(d), convert all of the Total Interest Amount that has not been converted to such relevant date, by providing the Company with a Conversion Notice under this clause 5.3(e) indicating that it requires a Conversion of some or all of the then unconverted Total Interest Amount in respect of the Convertible Security.
- (f) A Conversion Notice delivered pursuant to clause 5.3(a) or 5.3(b) or 5.3(e) will specify:
 - (i) the Conversion Date by which the Investor requires Conversion and the payment of the Cash Repayment Amount, if any to occur, giving at least one (1) full Business Days' notice; and
 - (ii) the Conversion Amount(s).

Within one (1) Business Day of receiving the Conversion Notice, the Company will take the required actions in order for the Conversion and the repayment of the Cash Repayment Amount to occur on the Conversion Date.

- (g) On or prior to each Conversion Date, the Investor will provide the Company with a notice of the Conversion Price applicable to the Conversion due to be effected on such Conversion Date, setting out the manner in which such Conversion Price was calculated by the Investor.
- (h) The Company shall deliver to the Investor the Conversion Shares on the Conversion Date to which it is entitled under this clause, and where the Conversion Date is on or prior to the end of the Lock-Up Period, Conversion Shares will be delivered as physical certificates bearing a restrictive legend if required under applicable securities laws and TSXV Rules, but provided that where the Conversion Date is on a date subsequent to the Lock-Up Period:
 - (i) the Investor is entitled to have the legends required under Canadian Securities Laws, if any, removed from any previously issued Share or Warrant certificate which the Company undertakes to cause within five (5) Business Days of any request from the Investor, which request shall be accompanied by each applicable Share or Warrant certificate in respect of which the request is made;
 - (ii) the Investor is entitled to have any subsequent Conversion Shares issued in an electronic or dematerialized form as determined by the Investor;
 - (iii) any Conversion Shares represented in an electronic or dematerialized form will not have any restrictive legend; and
 - (iv) Investor shall provide all such certificates, declarations, undertakings and/or opinions reasonably required by the Company, reliance on which is required by Law in order for the Conversion Shares to be issued without United States legends attached.

5.4 Issuing of Investor's Shares

Subject to clause 5.5, each time the Company is required to issue Shares to the Investor under this Agreement, the Company shall, without delay, take all actions required under Canadian Securities Laws and US Securities Laws in respect of the issuance of such Shares to the Investor, including, to the extent required, filing all required forms with and obtaining all approvals of the TSXV that are required. In the event any approvals of the TSXV are

conditional upon the Company subsequently filing additional information or documentation with the TSXV, the Company shall complete all such filings and the Investor shall cooperate to provide any required documentation required to be provided by it in the prescribed time period.

5.5 Limitation on Shares Issuable on Conversion

- (a) If in the opinion of the Investor it is likely that the issuance of Investor's Shares upon a Conversion, together with the number of Investor's Shares issued upon exercise of Warrants or any other outstanding securities, would result in the Investor becoming a "control person" (as defined in the *Securities Act (Ontario)*), the Investor may on notice require that the Company call and hold a special or extraordinary meeting of shareholders to seek the required shareholder approval, which the Company shall hold within sixty (60) days of the date that the Investor has delivered notice to the Company. At any such meeting the Company shall recommend that shareholders vote in favour of the resolution required to issue the Investor's Shares hereunder, and solicit proxies in favour of such resolutions.
- (b) If the Company is unable to obtain the approval of its shareholders as may be required under clause 5.5(a), then without limiting any of the Investor's other rights under this Agreement:
- (i) the Investor may by written notice to the Company (**Cash Conversion Notice**) require the Company to pay a cash amount to the Investor in lieu of the issuance of Shares that would otherwise be issuable upon such Conversion equal to Y multiplied by $\$C$, where:
Y = the number of new Investor's Shares required to be issued to the Investor and not issued; and
\\$C = the VWAP per Share on the date of issuance of the relevant Conversion Notice,
(Cash Conversion Amount); and
 - (ii) upon the Company receiving a Cash Conversion Notice from the Investor, the Company must within five (5) Business Days pay the Investor in immediately available funds the Cash Conversion Amount.
- (c) In the event that a Conversion and/or exercise of Warrants would result in the Investor becoming an "Insider" (as defined in TSXV Rules) of the Company, such Conversion and/or exercise of Warrants will be postponed and will not be effective until the TSXV has approved a personal information form(s), or waived the requirement therefor, in respect of the Investor. In addition, in the event that a Conversion and/or exercise of Warrants would "materially affect control" (as defined in TSXV Rules) of the Company, and/or result in the Investor becoming a "control person" (as defined in the *Securities Act (Ontario)*), such Conversion and/or exercise of Warrants will be postponed and will not be effective until the Parties comply with all requirements under TSXV Rules and Canadian Securities Laws, as applicable. For greater certainty, if a Conversion and/or exercise of Warrants is postponed in accordance with this clause 5.5(c), such postponement will not constitute an Event of Default.

6. Additional Conditions to Investor's Shares

6.1 Conditions to issue of Investor's Shares

The obligation of the Investor to accept an issuance of Investor's Shares, will be subject to the fulfilment on or before the issuance date of each of the conditions set out below.

- (a) Subject to clause 5.5, all shareholder and regulatory approvals, consents, permits, other approvals, registrations and waivers necessary for the issuance of the Investor's Shares, including under Canadian Securities Laws and US Securities Laws, have been issued and received by the Company and remain in full force and effect.
- (b) The representations and warranties of the Company contained in this Agreement are true and correct in all material respects as of the dates as of which they are made or deemed to be made.
- (c) The Company has performed or complied in all material respects with all agreements and covenants required by this Agreement to be performed or complied with by it on or prior to the issuance date.
- (d) No Event of Default has occurred or would result from the Contemplated Transactions occurring on such issuance date being effected.
- (e) The issue and delivery of such Investor's Shares would not result in the Company being in breach of Canadian Securities Laws, US Securities Laws the Corporations Act or the TSXV Rules.

6.2 Consequence of failure to meet conditions

- (a) The Company shall not issue Shares as discharge of all or any part of any Amount Outstanding to the Investor or its nominee without the prior written consent of the Investor if, on the issue of the relevant Shares, any of the conditions in clause 6.1 have not been fulfilled to the satisfaction of the Investor, acting reasonably.
- (b) If the Company issues Shares in breach of sub-clause 6.2(a):
 - (i) the relevant Shares will be deemed not to have been accepted by the Investor and the Shares will be surrendered by the Investor for and repurchased for cancellation by the Company, and the Investor agrees to co-operate to effect that repurchase and cancellation. The costs of such repurchase and cancellation will be borne by the Company and the Company shall indemnify the Investor in respect of any liability arising to the Investor in accordance with clause 16.2; and
 - (ii) the obligation of the Company to deliver Shares in accordance with clause 5 will be deemed not to have been discharged.

7. Representations and Warranties by the Company

7.1 Representations and Warranties

The Company represents and warrants to the Investor, on the Execution Date, at each Closing, at each Conversion Date and on the date of issuing any Shares under the Warrants (in each case, where qualified by an express reference to the representation or the warranty being given on and as of a particular other date or dates, only on and as of that date or dates), that the following are true and correct and not misleading, including by omission:

- (a) **(Existence)** The Company is a corporation incorporated and validly existing in good standing under the laws of Ontario, with all requisite corporate power and authority to own, use, lease and operate its properties and conduct its business in the manner presently conducted, and is duly qualified to transact business in each jurisdiction where it is so required.
- (b) **(Authorization)** The execution and delivery of, and performance by the Company of this Agreement, including, without limitation, to:
- (i) enter into, authorise, execute and deliver the Transaction Documents, including obtaining any shareholder approval required for the issue (as and when required to be issued in accordance with the terms of the Transaction Documents) of the Warrants (and issuing any Shares pursuant to the Warrants), the Investor's Shares and the Convertible Security; and
 - (ii) enter into, and authorise the performance of, all obligations of the Company as and when required under the Transaction Documents and the Contemplated Transactions, including issuing the Warrants and the Investor's Shares,

has been authorized by all necessary corporate action on the part of the Company and no further corporate action is required by the Company, its officers, its board of directors, or its security holders in connection with the Transaction Documents or the relevant Contemplated Transactions (except as may be required by the TSXV Rules, Canadian Securities Laws and US Securities Laws).

- (c) **(No contravention)** The entry into the Transaction Documents by the Company and the undertaking of the Contemplated Transactions will not cause the Company to breach or contravene:
- (i) its articles of incorporation, by-laws or any of its other constituting documents;
 - (ii) any agreement it has with any other third party and does not constitute an event of default under any such agreement;
 - (iii) any applicable Law;
- (d) **(Securities)** The Company is authorized to issue an unlimited number of Shares, of which 109,423,791 Shares are issued and outstanding as of the Execution Date.
- (e) **(Binding obligations)** This Agreement has been duly executed and delivered by the Company, and this Agreement and each Transaction Document constitutes a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganisation, moratorium and similar laws of general applicability, relating to or affecting creditors' rights generally.
- (f) **(Security structure)**
- (i) No person is entitled, or purports to be entitled, to any right of first refusal, pre-emptive right, right of participation, or any similar right, to participate in the Contemplated Transactions or otherwise with respect to any securities of the Company.
 - (ii) The Company has not granted security with respect to any indebtedness or other obligation of the Company, other than the security granted to the Investor and Trichome set out in the Disclosure Schedule.

- (iii) The issuance and sale of any of the Investor's Shares or the Warrants will not obligate the Company to issue Shares or other securities to any other person and will not result in the adjustment of the exercise, conversion, exchange, or reset price of any outstanding security.
- (iv) Except as described in the Disclosure Schedule:
 - (A) there are no outstanding warrants, options, convertible securities or other rights, agreements or arrangements of any character under which the Company or any Subsidiary is, or may be, obligated to issue any equity, equity securities or equity-linked securities of any kind;
 - (B) there are no voting, buy-sell, outstanding or authorised stock appreciation, right of first purchase, phantom stock, profit participation or equity-based compensation agreements, options or arrangements, or like rights relating to the securities of the Company or agreements of any kind among the Company and any person; and
 - (C) as of the Execution Date, the Company has repaid and brought current all outstanding debt, including but not limited to all accounts payable (past 90 days due) and any tax-related liabilities of the Company, its Affiliates or its Subsidiaries that are required to have been paid by the Execution Date, and
 - (D) there is no indebtedness or other obligation of the Company that is senior to, or pari passu with, the Convertible Security in right of payment, whether with respect to interest or upon liquidation or dissolution or otherwise.
- (g) **(Valid issuance)** All Investor's Shares to be issued by the Company pursuant to this Agreement have been duly authorized for issuance and sale by all necessary corporate action on the part of the Company and, when issued and delivered by the Company against payment of the consideration thereof pursuant to this Agreement, will be issued as fully paid and non-assessable Shares, and will not have been issued in violation or subject to any pre-emptive rights or other contractual rights to purchase securities issued by the Company or in violation of any Canadian Securities Laws, and will be free and clear of all Liens and restrictions, except for restrictions on transfer imposed by Canadian Securities Laws and US Securities Laws.
- (h) **(Reporting Issuer and TSXV Listed)** The Company is a "reporting issuer" under Canadian Securities Laws in each of the Provinces of British Columbia, Alberta, and Ontario, and is not currently noted in default of any filing requirement under the securities laws of such jurisdictions. The Shares of the Company are listed on the TSXV. The Company has complied in all material respects with its obligations to file and deliver any documents required under TSXV Rules and the Company is not in breach, contravention or default of any of the TSXV Rules, except where such breach, contravention or default would not have a Material Adverse Effect, and no fact exists which may result in the foregoing.
- (i) **(Consents)** Prior to each Closing, except for the approval of the TSXV and provided there exists applicable exemptions from registration under the US Securities Laws, there are no consents, approvals, authorizations, orders or agreements of any Governmental Authorities or any other persons which may be required for the

execution, delivery and performance by the Company of the Transaction Documents and the offer, issuance and sale of the Securities.

- (j) **(Regulatory issues)** No order ceasing or suspending trading in securities of the Company nor prohibiting the sale of such securities has been issued to and is outstanding against the Company and, to the Company's knowledge, no investigations or proceedings for such purposes are pending or threatened. To the Company's knowledge, there is no fact or circumstance that may cause the Company to request or any Governmental Authority to impose any order ceasing or suspending trading in securities of the Company nor prohibiting the sale of such securities.
- (k) **(Subsidiaries)** The Subsidiaries set out in the Disclosure Schedule are the only Subsidiaries of the Company that are material to the business and affairs of the Company. The Company owns 100% of the voting and equity interests in the Subsidiaries. Except as disclosed in the Disclosure Schedule, the Company is the sole beneficial owner of the Subsidiaries and no other person holds any equity interests or securities exchangeable into securities of any Subsidiary or has any agreement, option, warrant, right or privilege (whether pre-emptive or contractual) being capable of becoming an agreement for the purchase, subscription or issuance of any issued or unissued shares or other securities of any Subsidiary. Each of the Subsidiaries has been duly incorporated or established and is validly existing and in good standing under the laws of its respective jurisdiction of organization with all requisite corporate power and authority to own, use, lease and operate its properties and conduct its business in the manner presently conducted, and is duly qualified to transact business in each jurisdiction where it is so required.
- (l) **(No Material Adverse Effect)** Except as disclosed in the Disclosure Schedule, there has not been any material change in the assets, liabilities or obligations (absolute, contingent or otherwise) of the Company and its Subsidiaries (taken as a whole) from that set forth in the Company's financial statements for the period ended September 30, 2019. Additionally, no event or circumstance subsists which affects the Company or any of its Subsidiaries or to which any of the Company's or any of its Subsidiaries' assets are subject which would, or would be reasonably likely to, have a Material Adverse Effect.
- (m) **(Financial Statements)** Since the date of the Company's most recent financial statements (where for these purposes the **most recent financial statements** means the annual or interim financial statements most recently released to the market and made available in the Public Record):
 - (i) the Company has not incurred any liabilities (contingent or otherwise) that remain outstanding, other than in the ordinary course of business;
 - (ii) the Company has not altered its method of accounting; and
 - (iii) the Company has not declared or made any dividend or distribution of cash or other property to its shareholders, or purchased, redeemed or made any agreements to purchase or redeem any shares of its capital stock.

The Company's most recent financial statements, as well its financial statements for its fiscal year-ended September 30, 2018, have been prepared in accordance with IFRS consistently applied throughout the periods involved and present fairly the consolidated financial position and results of operation and changes in the financial position of the Company for the periods involved, and such accounts fairly present in

all material respects the financial condition, financial performance and cash flows of the Company for the periods involved.

- (n) **(Litigation)**
- (i) Except as disclosed in the Disclosure Schedule, there are no pending actions, suits or proceedings against or affecting the Company, its Subsidiaries or any of its or their properties and, to the Company's knowledge, no such actions, suits or proceedings are threatened or contemplated;
 - (ii) There has not been, and to the Company's knowledge there is no, pending or contemplated investigation by any Governmental Authority involving the Company, its Subsidiaries or any current or former director or officer of the Company or any of its Subsidiaries; and
 - (iii) There is no agreement, judgment, injunction, order or decree binding upon the Company or its Subsidiaries that has or could reasonably be expected to have the effect of prohibiting, restricting or materially impairing any business practice of the Company or its Subsidiaries, any acquisition of property by the Company or any of its Subsidiaries.
- (o) **(Compliance)** Neither the Company nor any Subsidiary:
- (i) is in default under, or in violation of (and no event has occurred that has not been waived that, with notice or lapse of time or both, would result in a default by the Company or any Subsidiary under), nor has the Company or any Subsidiary received notice of a claim that it is in default under or that it is in violation of, any indenture, loan or credit agreement or any other agreement or instrument to which it is a party or by which it or any of its properties is bound (whether or not such default or violation has been waived), except where such default or violation would not be expected to have a Material Adverse Effect; or
 - (ii) is in violation of any order of any court, arbitrator or Governmental Authority; or
 - (iii) is in violation of any Law in any respect, except where such violation would not be expected to have a Material Adverse Effect.

Except as disclosed in the Disclosure Schedule, the Company and its Subsidiaries have received all permits, licenses and other approvals required of any of them under all applicable Laws (including the *Cannabis Act*) for the conduct of their current business operations, and are in material compliance with all terms and conditions of such permits, licenses or approvals; and have not received any notice of the modification, revocation or cancellation of, or any intention to modify, revoke or cancel or any proceeding relating to the modification, revocation or cancellation of any such permits, licenses or approvals. Without limiting the generality of the foregoing, except as disclosed in the Disclosure Schedule, the Company and each of its Subsidiaries has good and marketable title under applicable laws to all material personal property owned by them in the conduct of their business, in each case free and clear of all liens, encumbrances and defects, except such liens, encumbrances and defects that do not materially affect the value of such property and do not interfere with the use made and proposed to be made of such property by the Company and its Subsidiaries, or liens and encumbrances otherwise required by applicable Law.

- (p) **(Environmental)** Except as disclosed in the Disclosure Schedule, the Company and its Subsidiaries: (i) are in compliance in all material respects with any and all applicable foreign, federal, provincial, state and local laws and regulations relating to the protection of human health and safety, the environment or hazardous or toxic substances or wastes, pollutants or contaminants (**Environmental Laws**); (ii) have received all permits, licenses or other approvals currently required of any of them under applicable Environmental Laws to conduct their current business; and (iii) are in compliance in all material respects with all terms and conditions of any such permit, licences or approval.
- (q) **(Tax returns)**
- (i) Each of the Company and its Subsidiaries has (A) correctly prepared and duly and on a timely basis filed all tax returns required to be filed by it, (B) paid all Taxes due and payable by it, (C) paid all assessments and reassessments and all other Taxes, governmental charges, penalties, interest and other fines due and payable by it and which are claimed by any governmental authority to be due and owing and adequate provision has been made for Taxes payable for any completed fiscal period for which tax returns are not yet required to be filed, (D) duly and timely withheld and remitted or caused to be withheld and remitted, all Taxes required to be withheld and remitted by it, and (E) duly and timely collected and remitted or caused to be collected and remitted, to the appropriate Governmental Authority such Taxes required by Law to be collected and remitted by it;
 - (ii) there are no agreements, waivers or other arrangements providing for an extension of time with respect to the filing of any tax return or payment of any Tax, governmental charge or deficiency by the Company or any of its Subsidiaries;
 - (iii) to the knowledge of the Company, there are no actions, suits, proceedings, investigations or claims threatened or pending against the Company or any of its Subsidiaries in respect of Taxes, governmental charges or assessments; and
 - (iv) there are no matters under discussion with any governmental authority relating to Taxes, governmental charges or assessments asserted by any such authority.
- (r) **(OFAC)** None of the Company nor any of the Subsidiaries nor, to the best knowledge of the Company, any director, officer, agent, employee, affiliate or person acting on behalf of the Company and/or any Subsidiary has been or is currently subject to any United States sanctions administered by the Office of Foreign Assets Control of the United States Department of the Treasury (**OFAC**); and the Company will not directly or indirectly use any proceeds received from the Investor, or lend, contribute or otherwise make available such proceeds to its Subsidiaries or to any affiliated entity, joint venture partner or other person or entity, to finance any investments in, or make any payments to, any country or person currently subject to any of the sanctions of the United States administered by OFAC.
- (s) **(No Foreign Corrupt Practices)** None of the Company or any of the Subsidiaries has, directly or indirectly: (i) made or authorized any contribution, payment or gift of funds or property to any official, employee or agent of any governmental agency, authority or instrumentality of any jurisdiction except as otherwise permitted under

applicable law; or (ii) made any contribution to any candidate for public office, in either case, where either the payment or the purpose of such contribution, payment or gift was, is, or would be prohibited under the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada), the *Foreign Corrupt Practices Act* (United States) or the rules and regulations promulgated thereunder or under any other legislation of any relevant jurisdiction covering a similar subject matter applicable to the Company or its Subsidiaries and their respective operations and the Company has instituted and maintained policies and procedures designed to ensure, and which are reasonably expected to continue to ensure, continued compliance with such legislation.

- (t) **(Anti-Money Laundering)** The operations of each of the Company and the Subsidiaries are and have been conducted at all times in compliance with all applicable anti-money laundering laws, regulations, rules and guidelines in its jurisdiction of incorporation and in each other jurisdiction in which such entity, as the case may be, conducts business (collectively, the **Money Laundering Laws**) and no action, suit or proceeding by or before any court or Governmental Authority involving the Company or its Subsidiaries with respect to any of the Money Laundering Laws is, to the best knowledge of the Company, pending, threatened or contemplated.
- (u) **(Disclosures)**
 - (i) The materials delivered, and statements made, by the Company and its representatives to the Investor in connection with the Contemplated Transactions (the **Materials**) do not, as at the time delivered or made, and (in respect of materials delivered and statements made prior to the Execution Date) on the Execution Date:
 - (A) contain any untrue statement of a material fact or misleading statement; or
 - (B) omit to state a material fact necessary in order to make the statements contained in those Materials, in light of the circumstances under which they were made, not misleading; and
 - (ii) The Company has disclosed to the Investor all facts relating to the Company, its business, the Transaction Documents, the Contemplated Transactions, and all other matters which are material to the assessment of the nature and amount of the risk inherent in an investment in the Company.
- (v) **(Solvency)** No Insolvency Event has been suffered or incurred by the Company or its Subsidiaries.
- (w) **(Law)** Except as has been disclosed in the Disclosure Schedule, the Company has filed or delivered any documents required under Canadian Securities Laws or the Corporations Act to be filed and delivered, and in each case, within the time period required, and the Company is otherwise in compliance in all material respects with Canadian Securities Laws and the Corporations Act and no fact exists which may result in the Company not being in such compliance with Canadian Securities Laws or the Corporations Act.
- (x) **(Entitlement to rely on prospectus exemption)** The Company has complied and will comply with Canadian Securities Laws in connection with the offer, sale and issuance of the Investor's Shares to the Investor and confirms that, based in part on the Investor's representation in clause 8.1(c), the Investor's Shares may be issued to

the Investor under Canadian Securities Laws without the requirement of the Company to file a prospectus qualified under such Canadian Securities Laws.

- (y) **(Non-public information)** Neither the Company nor any person acting on its behalf has provided the Investor or its agents, representatives or counsel with any information that is a "material fact" or "material change" with respect to the Company (as such terms are defined under Canadian Securities Laws) that has not been generally disclosed to the public, and to the Company's knowledge, the Investor does not possess knowledge of any "material fact", "material change" with respect to the Company that has not been generally disclosed to the public (and, to the extent this warranty is breached, the Company must immediately release the relevant information to the market).
- (z) **(Prohibited Transactions)** The Company has not entered or agreed to enter into a Prohibited Transaction that has not been completed.
- (aa) **(Absence of Events of Default)** No Event of Default and no event which, with notice, lapse of time or both, would constitute an Event of Default, has occurred and is continuing.
- (bb) **(U.S. compliance)**
 - (i) **(No general solicitation)** Neither the Company nor to its knowledge, any person acting on its behalf, has conducted any "general solicitation" or "general advertising" (as those terms are used in Regulation D under the 1933 Act) in connection with the offer or sale of the Securities or any manner involving a public offering within the meaning of Section 4(a)(2) of the 1933 Act with respect to the offer or sale of the Securities.
 - (ii) **(No integrated offering)** Neither the Company nor any of its Affiliates, nor any person acting on its or their behalf has, directly or indirectly, sold, offered for sale or solicited offers to buy or otherwise negotiated in respect of any security, in a manner, or under circumstances, that:
 - (A) would adversely affect reliance by the Company on the provisions of Rule 506(b) of Regulation D under the 1933 Act for the exemption from the registration requirements of the 1933 Act for the Contemplated Transactions;
 - (B) would require registration of the sale of the Securities under the 1933 Act; or
 - (C) would cause such offer or solicitation to be deemed integrated with the offering of the Securities pursuant to US Securities Laws such that there is no available exemption from registration under the 1933 Act.
 - (iii) **(Private placement)** The offer and sale of the Securities to the Investor as contemplated by this Agreement are exempt from:
 - (A) the registration requirements of the 1933 Act by virtue of Rule 506(b) of Regulation D under the 1933 Act; and
 - (B) the registration and/or qualification provisions of all US Securities Laws, subject to the Company preparing and filing, within prescribed time periods, any forms or notices required under Regulation D under

the 1933 Act or applicable blue sky laws in connection with the offer and sale of the Securities.

- (iv) **(Foreign private issuer)** As at the date of this Agreement, less than fifty per cent (50%) of the outstanding voting securities of the Company are directly or indirectly owned of record by residents of the United States. As at the date of this Agreement, the Company is a “foreign private issuer” as that term is defined in Rule 405 under the 1933 Act.
- (v) **(Category 1 securities)** As at the date of this Agreement, the Company is a Category 1 issuer pursuant to Rule 903 of Regulation S under the 1933 Act.
- (vi) **(No registration required)** As at the date of this Agreement, assuming the accuracy of the representations and warranties of the Investor in clause 8.1, the Company is not required to register its securities under, and is not subject to, the 1933 Act, the Exchange Act, and the rules and regulations under any of the foregoing.

7.2 Investor’s reliance

The Company acknowledges that the Investor has entered into this Agreement in reliance on the Company’s representations and warranties set out in this Agreement.

7.3 Construction of representation and warranties

Each representation and warranty of the Company is to be construed independently of the others and is not limited by reference to any other representation or warranty.

7.4 Disclosures and limitations

- (a) The representations and warranties of the Company set out in clause 7.1 are not limited in any way by information gathered by the Investor, its advisers or representatives.
- (b) The representations and warranties of the Company will be further qualified only to the extent expressly set out in Schedule 1 (the *Disclosure Schedule*).

7.5 Notice

The Company shall immediately notify the Investor in writing upon becoming aware of any breach of any representation or warranty given by the Company under this Agreement.

8. Representations and Warranties of the Investor

8.1 Representations and warranties

The Investor represents, warrants, covenants and agrees, on the Execution Date, at each Closing, at each Conversion Date and on the date of issuance of any Securities (in each case, where qualified by an express reference in this clause 8.1 as to the representation or the warranty being given on and as of a particular date or dates, only on and as of that date or dates), that the following are true and correct and not misleading:

- (a) **(Organisation, good standing and qualification)**
 - (i) The Investor is a limited partnership duly formed under the laws of the jurisdiction of its formation and has all requisite power and authority to enter into and consummate the Contemplated Transactions and otherwise to carry out its obligations under this Agreement;

- (ii) The Investor is in good standing under the laws of the jurisdiction of its place of formation, with all requisite power and authority to own, use, lease and operate its properties and conduct its business in the manner presently conducted; and
 - (iii) The Investor is not in violation or default of any of the provisions of its organisational or charter documents.
- (b) **(Authorisation)** The execution and delivery of, and performance by the Investor of this Agreement, have been duly authorised and will each constitute a valid and legally binding obligation of the Investor, enforceable against the Investor in accordance with its terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganisation, moratorium and similar laws of general applicability, relating to or affecting creditors' rights generally.
- (c) **(Status of Investor)** The Investor is purchasing the Securities as principal, is entitled to purchase the Securities without the benefit of a prospectus qualified under Canadian Securities Laws, is, at the Execution Date and at each Closing, an "accredited investor" within the meaning of paragraph (m) of the definition of "accredited investor" in NI 45-106 and was not created, and is not used, solely to purchase or hold securities as an accredited investor described in paragraph (m) of the definition of "accredited investor" in NI 45-106.
- (d) **(U.S. compliance – investment intent)** The Investor understands that the Securities are and will be when issued, as applicable, "restricted securities" pursuant to Rule 144(a)(3) under the 1933 Act and have not been registered under the 1933 Act or any applicable US Securities Laws, and, accordingly, may not be offered or sold or otherwise transferred, directly or indirectly, except pursuant to an effective registration statement under the 1933 Act or pursuant to an available exemption from, or in a transaction not subject to, the registration requirements of the 1933 Act and in accordance with applicable US Securities Laws. For purposes of assuring that the Investor is not an underwriter within the meaning of Section 2(a)(11) of the 1933 Act for purposes of Rule 502(d) under the 1933 Act, the Investor represents that it:
 - (i) is acquiring the Securities as principal for its own account for investment purposes only (as contemplated by the 1933 Act and the rules and regulations promulgated thereunder) and not with a view to or for distributing or reselling such Securities or any part of such Securities, directly or indirectly, in violation of the 1933 Act;
 - (ii) has no present intention of distributing any of such Securities in violation of the 1933 Act; and
 - (iii) has no arrangement or understanding with any other person or persons regarding the distribution of such Securities in violation of the 1933 Act.
- (e) **(Investor status)** At the time the Investor was offered the Securities, it was, and at the Execution Date it is, an "accredited investor" as defined in Rule 501(a) of Regulation D under the 1933 Act. The Investor is not, and is not required to be, registered as a broker or dealer under section 15 of the Exchange Act.
- (f) **(General solicitation)** The Investor is not purchasing the Securities as a result of any "general solicitation" or "general advertising" (as such terms are used in Regulation D under the 1933 Act) including, without limitation, any advertisement, article, notice or other communication regarding the Securities published in any newspaper, magazine, on the Internet or similar media or broadcast over television or radio or presented at

any seminar or in any filing with the United States Securities and Exchange Commission or any other general solicitation or general advertisement or any manner involving a public offering within the meaning of Section 4(a)(2) of the 1933 Act with respect to the offer or sale of the Securities.

- (g) **(United States Resale Restrictions)** The Investor acknowledges and understands that the Securities, as restricted securities under 1933 Act, have, in addition to any other resale restrictions imposed by the specific terms thereof or by the application of Canadian Securities Laws, the following resale restrictions under US Securities Laws and, for so long as the Securities are restricted securities under Rule 144(a)(3) of the 1933 Act, the Investor hereby agrees to transfer or sell the Securities, directly or indirectly, only: (A) to the Company or (B) outside the United States in accordance with Regulation S under the 1933 Act and pursuant to Canadian Securities Laws, TSXV Rules and the terms of this Agreement, (C) pursuant to the exemptions from registration under the 1933 Act provided by (I) Rule 144 thereunder, if available, or (II) Rule 144A thereunder, if available, and in both cases in accordance with applicable state securities laws of the United States, or (D) in a transaction that does not require registration under the 1933 Act or any applicable state securities laws of the United States and, in the case of clauses (C)(I) or (D) above, or if otherwise reasonably required by the Company, the Investor has furnished to the Company an opinion of counsel of recognized standing in form and substance reasonably satisfactory to the Company to such effect. The Investor has implemented appropriate internal controls and procedures to ensure that the Securities shall be properly identified in its records as restricted securities under the 1933 Act that are subject to the re-sale and transfer restrictions set forth herein notwithstanding the absence of a U.S. restrictive legend or a definitive physical certificate.
- (h) **(U.S. Warrant exercise)** The Investor understands and acknowledges that the Warrants may not be exercised in the United States or by or on behalf of, or for the account or benefit of, a U.S. Person (as such term is defined in Regulation S under the 1933 Act) or a person in the United States unless an exemption is available from the registration requirements of the 1933 Act and the US Securities Laws, and the Investor or the Designated Warrant Holder, as applicable, has furnished an opinion of counsel, or other evidence, in either case in form and substance satisfactory to the Company, to such effect; provided that the Investor will not be required to deliver an opinion of counsel in connection with its due exercise of the Warrants acquired pursuant to the terms of this Agreement, at a time when the Investor or Designated Warrant Holder, as applicable, is an "accredited investor" within the meaning of Rule 501(a) of Regulation D under the 1933 Act.
- (i) **(U.S. restrictive legend Warrants)** In addition to any legends required by Canadian Securities Laws and TSXV Rules, the Investor understands and acknowledges that the certificates representing the Warrants issued pursuant to the terms of this Agreement, and all certificates issued in exchange for or in substitution of such certificates shall bear the following legend upon the original issuance of any such Warrants and until the legend is no longer required under applicable requirements of the 1933 Act and US Securities Laws:

"THE SECURITIES REPRESENTED HEREBY AND THE SECURITIES ISSUABLE UPON CONVERSION OR EXERCISE OF THESE SECURITIES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "1933 ACT") OR U.S. STATE SECURITIES LAWS. THE HOLDER HEREOF, BY PURCHASING SUCH SECURITIES, AGREES FOR

THE BENEFIT OF JAMES E. WAGNER CULTIVATION CORPORATION (THE "CORPORATION") THAT SUCH SECURITIES MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED, DIRECTLY OR INDIRECTLY, ONLY (A) TO THE CORPORATION; (B) OUTSIDE THE UNITED STATES IN ACCORDANCE WITH REGULATION S UNDER THE U.S. SECURITIES ACT AND IN COMPLIANCE WITH APPLICABLE LOCAL LAWS AND REGULATIONS; (C) PURSUANT TO THE EXEMPTIONS FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY (I) RULE 144 THEREUNDER, IF AVAILABLE OR (II) RULE 144A, IF AVAILABLE AND IN EACH CASE IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS OF THE UNITED STATES, OR (D) IN A TRANSACTION THAT DOES NOT REQUIRE REGISTRATION UNDER THE U.S. SECURITIES ACT OR ANY APPLICABLE STATE SECURITIES LAWS OF THE UNITED STATES AND, IN THE CASE OF CLAUSES (C)(I) OR (D) ABOVE, OR IF OTHERWISE REASONABLY REQUIRED BY THE CORPORATION, THE SELLER HAS FURNISHED TO THE CORPORATION AN OPINION OF COUNSEL OF RECOGNIZED STANDING IN FORM AND SUBSTANCE REASONABLY SATISFACTORY TO THE CORPORATION TO SUCH EFFECT. DELIVERY OF THIS CERTIFICATE MAY NOT CONSTITUTE GOOD DELIVERY IN SETTLEMENT OF TRANSACTIONS ON STOCK EXCHANGES IN CANADA.

THIS WARRANT AND THE SECURITIES ISSUABLE UPON EXERCISE HEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "1933 ACT"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. THIS WARRANT MAY NOT BE EXERCISED IN THE UNITED STATES OR BY OR ON BEHALF OF, OR FOR THE ACCOUNT OR BENEFIT OF, A U.S. PERSON OR A PERSON IN THE UNITED STATES UNLESS THE COMMON SHARES ISSUABLE UPON EXERCISE OF THIS WARRANT HAVE BEEN REGISTERED UNDER THE 1933 ACT AND THE APPLICABLE SECURITIES LEGISLATION OF ANY SUCH STATE OR AN EXEMPTION FROM SUCH REGISTRATION REQUIREMENTS IS AVAILABLE. "UNITED STATES" AND "U.S. PERSON" ARE AS DEFINED IN REGULATION S UNDER THE 1933 ACT."

- (j) **(No U.S. registration)** The Investor understands and acknowledges that the Company is not obligated to file and has no present intention of filing with the United States Securities and Exchange Commission or with any state securities administrator any registration statement in respect of re-sales of the Securities.
- (k) **(OFAC)** The Investor represents that no part of the funds that may be used by the Investor for in the transactions contemplated under this Agreement will have been directly or indirectly derived from, or related to, any activity that may contravene federal, state, or international laws and regulations, including anti-money laundering laws and regulation including the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (USA Patriot Act) and regulations of the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC). The Investor further represents that it and its affiliates are not acting directly or indirectly for or on behalf of any person, group, entity, or nation named by any Executive Order of the U.S. as a terrorist, Specially Designated National and Blocked Person (SDN) or other banned or blocked person, entity, nation, or transaction pursuant to any law, order, rule, or regulation that is enforced or administered by OFAC. The Investor further represents that it and its affiliates also

are not engaged in this transaction, directly or indirectly on behalf of, or instigating or facilitating this transaction, directly or indirectly on behalf of any SDN.

- (l) **(Source of Funds)** None of the funds that the Investor will advance to the Company under this Agreement represent proceeds of crime for the purposes of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act (Canada)* (the **PCMLTFA**) and the Investor acknowledges that the Company may in the future be required by law to disclose the Investor (and its Share Custodian's) name and other information relating to this Agreement, on a confidential basis, pursuant to the PCMLTFA, and to the best of the Investor's knowledge: (i) the funds to be provided by the Investor: (A) has not been or will not be derived from or related to any activity that is deemed criminal under the law of Canada, the United States of America, or any other jurisdiction; or (B) is not being tendered on behalf of a person or entity who has not been identified to the Investor; and (ii) the Investor shall promptly notify the Company if the Investor discovers that any of such representations ceases to be true, and to provide the Company with appropriate information in connection therewith. None of the funds the Investor may advance to the Company are proceeds obtained or derived, directly or indirectly, as a result of illegal activities.
- (m) **(Voting Trust Arrangements)** The Investor has not entered into any voting trust or similar agreement that has the effect of directing the manner in which the votes attached to the Shares issuable upon conversion of the Convertible Security may be voted following any Conversion.
- (n) **(Acting in Concert)** The Investor is not acting jointly or in concert with any other person for the purposes of the acquisition of the Securities.

8.2 Company's reliance

The Investor acknowledges that the Company has entered into this Agreement in reliance on the Investor's representations and warranties set out in this Agreement.

8.3 Construction of representation and warranties

Each representation and warranty of the Investor is to be construed independently of the others and is not limited by reference to any other representation or warranty.

8.4 Notice

The Investor will immediately notify the Company upon becoming aware of any breach of any representation or warranty given by the Investor under this Agreement.

9. Terms of the Warrants

The Warrant granted in accordance with the terms hereof will have the terms and conditions set out in Annexure A, and the "Exercise Price" (as such term is defined in Annexure A) of the relevant Warrant will be set in accordance with the definition of Warrants Exercise Price.

10. Additional Covenants and Agreements

10.1 U.S. Transfer and Sale Restrictions

Until such time as the applicable hold period under the 1933 Act has elapsed with respect to the Securities and the Investor has provided an opinion of counsel of recognized standing reasonably satisfactory to the Company that the Securities are no longer restricted securities under Rule 144(a)(3) of the Securities Act, the Investor will not transfer or sell the Securities,

directly or indirectly, in the United States or to, or for the account or benefit of a U.S. Person (as such term is defined in Regulation S under the 1933 Act), it will not deposit any the Investor Shares with Cede & Co. or any successor thereto, it will not transfer or sell any Securities over the facilities of the OTC Markets Group, Inc. and it will cause any nominee holding the Securities on its behalf to comply with re-sale and transfer restrictions contained in this Agreement.

10.2 Ranking of the Investor's Shares

- (a) The Investor's Shares will rank equally in all respects with the existing Shares on the date of issue of the Investor's Shares.
- (b) At each issuance, the Company shall credit all Investor's Shares as fully paid.
- (c) All Investor's Shares will be issued free and clear of any Liens.

10.3 Ranking of Investor's interest in the Convertible Security; Additional Funding

- (a) The Convertible Security will constitute direct, general, and unconditional obligations of the Company and the Company represents and warrants, as of the First Closing Date and for the period while there is any Amount Outstanding, that, subject to the Permitted Secured Indebtedness, the Convertible Security will rank senior to all other debt or loan obligations of the Company including any of the Company's outstanding bank debt (if any).
- (b) At the expense of the Company, the Investor agrees to enter into such subordination and/or intercreditor agreement as may be reasonably requested by the Company to subordinate its security interest to the Permitted Secured Indebtedness.
- (c) In the event the Company arranges or obtains any debt or loan funding (including convertible debt or streaming/royalty financing where the Company receives aggregate gross proceeds of C\$1,000,000 or more) or issues any preferred equity securities or obtains any other financial accommodation (**Debt Proceeds**), the Company must promptly provide the Investor with full details about such arrangements and, in its sole discretion, the Investor may direct that the Company use some or all of the Debt Proceeds (after deducting any direct transaction expenses) as is specified by the Investor to repay some or all of the Amount Outstanding on the Convertible Security.
- (d) In the event the Investor directs the Company to make any repayment under clause 10.3(c), the Company shall make such repayment within three (3) Business Days of its receipt of a written direction from the Investor, which direction may not be delivered to the Company until two (2) Business Days following actual receipt by the Company of the funds referred to in clause 10.3(c).

10.4 Grant of Security

- (a) On the First Closing Date, the Company and its material Subsidiaries shall grant a general security interest over all of their assets, including a pledge of shares of each material Subsidiary and supporting guarantees, as required, and do all things necessary and desirable (including delivering original physical certificates and signed stock transfer powers of attorney) in order to grant and perfect a security interest in such shares and assets, each in a form satisfactory to the Investor, acting reasonably.
- (b) The Investor's liens on the property and assets described in this clause 10.4 shall be first ranking to any other liens or other security interests granted by the Company, except for Permitted Secured Indebtedness. The Investor's right to be repaid under

this Agreement shall be superior to the right of repayment of any other party, and all such other indebtedness, other than the Permitted Secured Indebtedness, shall be inferior, junior and subordinate in right of repayment, and as otherwise specifically contemplated in this Agreement.

- (c) The Company shall cooperate with the Investor and Trichome in order for the Investor and Trichome to negotiate and enter into an amendment to the subordination agreement dated January 10, 2020 between the Investor, Trichome and certain other parties in order to, among other things, increase the Subordinated Indebtedness Cap (as such term is defined in the subordination agreement), which amendment shall be entered into prior to the First Closing Date.

10.5 Compliance with Laws

- (a) The Company and the Investor will use commercial best efforts to comply with all applicable Laws in all respects.
- (b) Except as otherwise provided herein, the Company shall make, in a timely manner, all filings that may be required under Canadian Securities Laws and US Securities Laws in connection with the Contemplated Transactions, including, without limitation, all filings required by the TSXV and all filings required further to sections 6.1 and 6.3 of NI 45-106.

10.6 TSXV Listing

At all times during the term of this Agreement (and provided that the Investor holds any Securities), the Company shall ensure that the Shares remain listed on the TSXV and no other stock exchange other than the Toronto Stock Exchange, and the Company shall not complete any transaction which would result in the Company ceasing to be listed on the TSXV without the prior written consent of the Investor, except as contemplated by clause 10.13(c).

10.7 Adjustments on Arrangements, Take-Overs and Changes of Control

If the Company proposes an arrangement or is the subject of a take-over bid, which in either case would result in a Change of Control Event that would also result in the Shares no longer being listed on the TSXV, then the Investor may, but is not required to, at any time up to five (5) Business Days prior to the date of completion of such proposed transaction, require that the Company cause that other person, company or legal entity which is the counterparty to such arrangement or take-over bid, to assume all of the obligations of the Company under this Agreement following the completion of such proposed transaction, including the obligation to issue Conversion Shares. If the Investor exercises its right in this clause, then the Company shall cause that other person, company or legal entity to enter into an assignment and/or novation agreement acceptable to the Investor acting reasonably, and following such time, the Investor shall accept, in lieu of Shares, Conversion Shares, the Convertible Security, or Warrants, an economically equivalent number of shares, convertible securities and warrants issued by that other person, company, or legal entity in lieu of the Shares, Conversion Shares, the Convertible Security or Warrants to which the Investor is entitled to hereunder. The number of Shares, Conversion Shares, the Convertible Security, or Warrants to be issued shall be adjusted for the exchange ratio applicable in the relevant arrangement or take-over bid, and the Investor shall have the right to consent to the accuracy of such adjustment. If the Investor exercises its right in this clause, and the Company is unable to, or the other company does not, enter into an assignment and/or novation agreement acceptable to the Investor, then the failure to do so shall be considered an Event of Default.

10.8 Prohibited Transactions

Unless agreed in writing between the Company and the Investor (including with respect to any transactions between the Investor and the Company), from the Execution Date until the date of termination of this Agreement, the Company shall not effect, or enter into an agreement to effect, any Prohibited Transaction unless the funds raised from such Prohibited Transaction are utilised to repay the Amount Outstanding in full.

10.9 No shorting

The Investor will not, and will cause its Affiliates not to, engage in any short sales of the Shares.

10.10 Investor's Share Custodian

During the term of this Agreement, the Investor will notify the Company of any change of its Share Custodian within three (3) Business Days following such change having taken effect.

10.11 Set-Off

- (a) The Investor may set off any of its obligations to the Company (whether or not due for payment), against any of the Company's obligations to the Investor (whether or not due for payment) under this Agreement and/or any Transaction Document.
- (b) The Investor may do anything necessary to effect any set-off undertaken in accordance with this clause 10.11 (including varying the date for payment of any amount payable by the Investor to the Company)

10.12 Set-Off Exclusion

All payments which are required to be made by the Company to the Investor will be made without:

- (a) any set-off, counterclaim or condition; or
- (b) any deduction or withholding for Tax or any other reason, unless a deduction or withholding is required by law,

except as may otherwise be explicitly set out in this Agreement or as may otherwise be consented to by the Investor.

10.13 Miscellaneous Negative Covenants

The Company shall not, and (in respect of only subclauses (a), (f) and (g) below) shall cause all of its Subsidiaries not to, directly or indirectly, without the Investor's written approval:

- (a) dispose, in a single transaction, or in a series of transactions, of: (i) all of its assets, or (ii) during the Term, any part of its assets with aggregate fair market value of more than C\$250,000; unless such disposal is in the ordinary course of business;
- (b) cease to be a "reporting issuer" under Canadian Securities Laws;
- (c) de-list its Shares from the TSXV, provided that this provision shall not prevent the Company from completing any transaction which would result in the Company ceasing to be listed on the TSXV so long as the holders of Shares receive securities of an entity which is listed on the TSXV or the Toronto Stock Exchange or cash or the holders of the Shares have approved the transaction in accordance with the requirements of Canadian Securities Laws, US Securities Laws and corporate laws, subject to the Company's compliance with its obligations in clause 10.7, if the Investor exercises its right in clause 10.7;

- (d) undertake any consolidation of its share capital or such consolidation is required by the TSXV or required such that the Market Price is greater than C\$0.05 per Share, provided that notice of any such required consolidation will be provided to the Investor as soon as reasonably practicable;
- (e) delist its Shares from the TSXV without listing the Shares on the Toronto Stock Exchange or another nationally recognized stock exchange in Canada or the United States;
- (f) reduce its paid-up or stated capital;
- (g) transfer the jurisdiction of incorporation of the Company or any of its Subsidiaries, without the Investor's prior written consent, which consent shall not be unreasonably withheld or delayed; or
- (h) enter into any agreement with respect to any of the matters referred to in paragraphs (a) – (g).

In the event the Company proposes to take any action set out in paragraphs (a) to (h) above, the Company shall provide the Investor with at least ten (10) Business Days prior written notice regardless of whether the consent of the Investor is required in the circumstances.

10.14 Use of Proceeds

The Company shall only use the funds received from the Investor under this Agreement for general working capital matters, and must not use such funds for any other purpose unless prior written consent of the Investor has been obtained.

10.15 Withholding Gross-Up

All payments made by the Company in respect of this Agreement (in respect of principal, interest or otherwise) shall, except as required by applicable Law, be made in full without set-off or counterclaim, and free of and without deduction or withholding for any present or future Taxes provided that if the Company is required by applicable Law to deduct or withhold any Taxes from or in respect of any payment or sum payable to the Investor, the payment or sum payable will be increased as necessary so that after making all such deductions or withholdings, the Investor receives an amount equal to the sum it would have received if no such deduction or withholding had been made and the Company shall pay the full amount deducted to the relevant Governmental Authority in accordance with applicable Law.

In the event the Investor subsequently receives or recovers any deducted or withheld amount from any Canadian federal, provincial or other Governmental Authority and the Company has complied with its obligations in this clause 10.15, then the Investor shall pay such amount to the Company within twenty (20) Business Days of actual receipt.

10.16 United States Resale

If, as a result of the Company ceasing to be a "foreign private issuer" (as that term is defined in Rule 405 under the 1933 Act) or otherwise, the Investor is unable to effect a lawful resale of Investor's Shares on the TSXV without registration under the 1933 Act, including if the resale safe harbour from registration available under Regulation S becomes unavailable, the Company will take all steps necessary to permit the Investor to so lawfully resell Investor's Shares on the TSXV, including filing a registration statement with the United States Securities and Exchange Commission in respect of resales of Investor's Shares.

10.17 Warrant Exercise Proceeds Set-Off

- (a) In the event the Investor chooses to exercise any Warrants, the Investor may, at its sole discretion, direct the Company to use some or all of the gross proceeds from the exercise of such Warrants (**Warrant Exercise Proceeds**), as specified by the Investor, to repay some or all of the Amount Outstanding of the Convertible Security.
- (b) In the event the Investor directs the Company to use any Warrant Exercise Proceeds to make a repayment under clause 10.17(a), the Investor may set off any of its obligations to the Company to pay the Warrant Exercise Proceeds against the Company's obligations to pay the portion of the Amount Outstanding on the Convertible Security directed by the Investor to be repaid under clause 10.17(a) and the Investor shall be deemed to have paid such Warrant Exercise Proceeds to the Company in accordance with the exercise provisions of such Warrant.

10.18 Obligation to Obtain TSXV Approval for Conversion of Pre-Paid Interest

- (a) The Company shall, promptly at the end of each ninety (90) day period during the Term, unless otherwise directed by the Investor prior to each such ninety (90) day period (each, an **Interest Accrual Period**), apply to the TSXV and use its commercial best efforts to obtain TSXV approval for the conversion of the aggregate amount of the Total Interest Amount of the outstanding Convertible Security that accrued and became payable during such Interest Accrual Period.
- (b) It is acknowledged and agreed by the parties that a Conversion Notice delivered by the Investor under clause 5.3(f) with respect to the Conversion of an applicable Pre-Paid Interest Closing that has not been approved by the TSXV under clause 10.18(a), shall specify a Conversion Date that is no earlier than five (5) Business Days from the date it is delivered by the Investor to the Company, so as to allow the Company to seek TSXV approval for such Conversion.
- (c) Any Conversion of Accrued Pre-Paid Interest shall comply with the TSXV Rules and be subject to prior TSXV approval.

10.19 Voting Trust Arrangements

The Investor will not enter into any voting trust or similar agreement that has the effect of directing the manner in which the votes attached to the Shares issuable upon conversion of the Convertible Security may be voted following any Conversion.

11. Taxes

- (a) Without limiting anything else in this Agreement the Company shall:
 - (i) pay any Tax required to be paid to any Governmental Authority which is payable by the Company in respect of this Agreement or any Contemplated Transaction (including in respect of the execution, delivery, performance, release, discharge, amendment or enforcement of this Agreement or any Contemplated Transaction);
 - (ii) pay any fine, penalty or other cost in respect of a failure to pay any Tax as required by this clause 11; and
 - (iii) indemnify the Investor against any amount payable by it under this clause 11.
- (b) Without limiting anything else in this Agreement:
 - (i) the Company shall pay all stamp, loan transaction, registration and similar Taxes, including fines and penalties, financial institutions duty

- and debits Tax that may be payable to, or required to be paid by, any appropriate authority, or determined to be payable in connection with the execution, delivery, performance or enforcement of this Agreement or any Contemplated Transaction or any payment, receipt or other transaction contemplated by this Agreement; and
- (ii) the Company shall indemnify the Investor against any loss or liability incurred or suffered by it as a result of the delay or failure by the Company to pay the Taxes under clause 11(b)(i).
- (c) Without limiting anything else in this Agreement, at all times on and from the date of this Agreement, the Company shall comply in all material respects with all applicable laws relating to Tax and promptly file, or cause to be filed, all tax returns, and other Tax filings, required under applicable Tax law.

12. Default

12.1 Events of Default

Subject to clause 13, any of the following will constitute an Event of Default:

- (a) Any of the representations, warranties, or covenants made by the Company or any of its agents, officers, directors, employees or representatives in any Transaction Document, Materials or public filing are inaccurate, false or misleading in any material respect, as of the date as of which it is made or deemed to be made, or any certificate or financial or other written statements furnished by or on behalf of the Company to the Investor, any of its representatives, or the Company's shareholders, is inaccurate, false or misleading, in any material respect, as of the date as of which it is made or deemed to be made or repeated (in each case where qualified by an express reference to the representation or the warranty being given on a particular other date or dates, on that date or dates).
- (b) The Company or any Subsidiary of the Company suffers or incurs an Insolvency Event.
- (c) The Company or any of its Subsidiaries ceases, suspends, or threatens to cease or suspend, the conduct of all or a substantial part of its business, or disposes, in a single transaction, or in a series of transactions, of all or substantially all of its assets;
- (d) The Company or any of its Subsidiaries takes action to reduce its capital in accordance with Section 34 of the Corporations Act.
- (e) There is a cease trade order against the Company, a management cease trade order in respect of the Company, or the Company ceases to be a "reporting issuer" under Canadian Securities Laws in any province (or applies to do so).
- (f) The Shares are de-listed from the TSXV, provided that it shall not be an Event of Default if the Investor exercises its right set forth in clause 10.7.
- (g) The Shares become listed on any stock exchange other than the TSXV or the Toronto Stock Exchange, unless the Shares remain listed on one of the TSXV or the Toronto Stock Exchange.
- (h) Any of the conditions set out in clauses 4.1, or 6.1 have not have been fulfilled in a timely manner or the time prescribed.
- (i) The Company challenges, disputes or denies the right of the Investor to receive any Securities hereunder, or otherwise dishonours or rejects any action taken, or

document delivered, in furtherance of the Investor's rights to receive any Investor's Shares or Warrants.

- (j) A Transaction Document or a Contemplated Transaction is claimed by any person that is not the Investor, to be wholly or partly void, voidable or unenforceable in any respect, or has been determined by a court of competent jurisdiction to be wholly or partly void, voidable or unenforceable in any respect.
- (k) A court of competent jurisdiction makes an ultimate determination in favour of any action, claim, proceeding, suit, investigation, or action against any other person or otherwise asserted before any Governmental Authority, which seeks to restrain, challenge, deny, enjoin, limit, modify, delay, or dispute, the right of the Investor or the Company to enter into any Transaction Documents or undertake any of the Contemplated Transactions.
- (l) Any event, condition or development occurs or arises which in the opinion of the Investor (acting reasonably) has or could have a Material Adverse Effect.
- (m) Any consent, permit, approval, registration or waiver necessary for the consummation of those Contemplated Transactions that remain to be consummated at the applicable time, has not been issued or received, or does not remain in full force and effect at the applicable time.
- (n) The TSXV revokes any conditional approval it has granted in respect of any of the Securities to be issued pursuant to this Agreement or the Company does not satisfy the conditions of such approval within the prescribed time period.
- (o) The Investor has not received all those items required to be delivered to it in connection with a Closing, or upon the exercise of Warrants in accordance with this Agreement.
- (p) The Company subsequently becomes prohibited under Canadian Securities Laws, the Corporations Act, or the TSXV Rules from issuing Shares to the Investor under this Agreement.
- (q) The Company fails to perform, comply with, or observe, any other term, covenant, undertaking, obligation or agreement under any Transaction Document, including without limitation, the failure to pay any cash amount owing to the Investor hereunder at the time such payment is due.
- (r) A default judgment of an amount of C\$100,000 or greater is entered against the Company or any of its Subsidiaries.
- (s) The Company and/or any of its Subsidiaries defaults in relation to a payment obligation in the amount of C\$100,000 or greater under any financial accommodation, including any loan, advance, debenture or other form of financing entered into with a third party (taking into account any applicable grace period agreed by the relevant third party).
- (t) The Company or any of its Subsidiaries has any present or future liabilities, including contingent liabilities, for an amount or amounts totalling more than C\$250,000 which have not been satisfied on time or within 90 days of invoice, or have become prematurely payable as a result of its default or breach (howsoever described).
- (u) The Company fails to comply with its covenant in clause 10.7 if the Investor exercises its right in clause 10.7.
- (v) The Company fails to comply with its obligation to deliver Conversion Shares in accordance with this Agreement.

- (w) The Company fails to make a Repayment when due.
- (x) The Company or a Subsidiary fails to grant or perfect the liens or security interests or deliver the executed agreements which grant such liens and security interests, or fail to comply with their obligations under such agreements, in each case as set out in clause 10.4 and the relevant agreements.
- (y) The Company threatens, or commences, any lawsuit or legal proceeding before any court challenging this Agreement or the legality of any obligation of the Company hereunder.
- (z) The Company's Market Capitalization falls below \$12,000,000 for a period of more than 10 consecutive trading days.

12.2 Investor Right to Investigate an Event of Default

If in the Investor's reasonable opinion, an Event of Default has occurred, or is or may be continuing or likely to occur:

- (a) the Investor may notify the Company that it wishes to investigate such purported Event of Default;
- (b) the Company shall co-operate with the Investor in such investigation;
- (c) the Company shall comply with all reasonable requests made by the Investor of the Company in connection with any investigation by the Investor and will:
 - (i) provide all information requested by the Investor in relation to the Event of Default to the Investor, provided the Investor agrees that any materially price sensitive information and/ or non-public information will be subject to confidentiality; and
 - (ii) provide all such information within five (5) Business Days of such request by the Investor; and
- (d) the Company shall pay all reasonable costs and out-of-pocket expenses of the Investor in connection with any investigation by the Investor.

12.3 Limited Cure Period

- (a) Subject to clause 12.3(b), if an Event of Default occurs under clause 12.1 and the Company is proceeding diligently at its own expense to cure such default, the Investor may not terminate this Agreement or exercise any of its rights under clause 14 until the expiration of five (5) Business Days from the date the Company becomes aware or ought to have become aware of the Event of Default, whether by notice from the Investor or otherwise.
- (b) The cure period in clause 12.3(a) will not apply to any Event of Default with respect to any payment obligation of the Company to the Investor under this Agreement, any obligation of the Company to issue Shares to the Investor, in connection with any Insolvency Event.

13. Notice of Event of Default

The Investor shall give notice to the Company of the occurrence, or failure to occur, at any time from the date hereof, of an Event of Default or of any event or state of facts which occurrence or failure would be likely to or could result in an Event of Default, but the failure to give such notice to the Company shall not in any way, impact, impair or affect the remedies available to the Investor upon the occurrence of an Event of Default.

14. Rights of the Investor upon an Event of Default

- (a) Upon the occurrence or existence of any Event of Default and at any time during the continuance of such Event of Default, the Investor may:
 - (i) declare, by notice to the Company, effective immediately, all outstanding obligations by the Company under the Transaction Documents to be immediately due and payable in immediately available funds (including, without limitation, the immediate repayment of any Amount Outstanding) without presentment, demand, protest or any other notice of any kind, all of which are expressly waived by the Company, anything to the contrary contained in this Agreement or in any other Transaction Document notwithstanding; and/or
 - (ii) terminate this Agreement, by notice to the Company, effective as of the date set out in the Investor's notice given to the Company under this clause 14(a)(ii).
- (b) If the Investor gives the Company a notice under clause 14(a)(i), the Company must within five (5) Business Days, pay to the Investor in immediately available funds the Amount Outstanding for the Convertible Security, and any interest owing by the Company to the Investor under clause 14(e), and any other amounts owing to the Investor under this Agreement.
- (c) The Investor will have no obligation to consummate a Closing or a Conversion under this Agreement where an Event of Default has occurred, for as long as such Event of Default continues, and the Closing Date or Conversion Date, as applicable, will be deemed to be postponed accordingly, unless the Investor notifies the Company otherwise in writing.
- (d) In addition to the remedies set out in sub-clauses 14(a) and 14(b) upon the occurrence or existence of any Event of Default, the Investor may exercise any other right, power or remedy granted to it by the Transaction Documents or otherwise permitted to it by Law, including by suit in equity and/or by action at Law.
- (e) Notwithstanding anything to the contrary contained in this Agreement or in any other Transaction Document, in addition to the rights of the Investor specified in this clause 14, upon an Event of Default occurring, the interest payable on the Convertible Security will be at a rate of 15% per annum, which interest will accrue from the earliest date of the Event of Default on the outstanding Face Value of the Convertible Security and will be compounded monthly, for as long as the Event of Default will not have been remedied. The Company must pay this amount of interest on the Amount Outstanding on the Convertible Security to the Investor on a monthly basis in arrears on the last day of each calendar month following the Event of Default (or such other date as notified in writing by the Investor to the Company or as otherwise required under clause 14(b)).
- (f) Upon the occurrence or existence of any Event of Default, in addition to all other remedies at law and in equity, the Investor may, at its option, take all actions and remedies provided for in the security instruments and filings securing the liens described in clause 10.4 herein, which remedies may include, without limitation, foreclosing and enforcing on its security interests granted in clause 10.4 herein.

15. Termination

15.1 Events of Termination

This Agreement:

- (a) may be terminated, without limiting the generality of clause 14:
 - (i) by the Investor on the occurrence or existence of a Securities Termination Event or a Change of Control Event;
 - (ii) by the Investor, if the Investor is prevented or hindered by the rules and policies of its financial institution from making the advance to the Company contemplated by clause 2.1;
 - (iii) by the mutual written consent of the Parties, at any time;
 - (iv) by either Party, by written notice to the other Party, effective immediately, if the First Closing has not occurred within fifteen (15) Business Days of the Execution Date or such later date as the Parties agree in writing, provided that the right to terminate this Agreement under this clause 15.1(a)(iv) is not available to any Party:
 - (A) that is in material breach of or default under this Agreement; or
 - (B) whose failure to fulfil any obligation under this Agreement has been the principal cause of, or has resulted in the failure of the Closing to occur;
 - (v) by the Investor, in accordance with clause 14 or clause 17.16; and
 - (vi) by the Company, in accordance with clause 5.1(d).

15.2 Effect of Termination

- (a) Subject to clause 15.2(b), each Party's right of termination under clause 15.1 is in addition to any other rights it may have under this Agreement or otherwise, and the exercise of a right of termination will not be an election of remedies.
- (b) If the Investor terminates this Agreement under clause 15.1(a)(i):
 - (i) the Investor may declare, by notice to the Company, all outstanding obligations by the Company under the Transaction Documents to be due and payable (including, without limitation, the immediate repayment of any Amount Outstanding) without presentment, demand, protest or any other notice of any kind, all of which are expressly waived by the Company, anything to the contrary contained in this Agreement or in any other Transaction Document notwithstanding; and
 - (ii) the Company must within five (5) Business Days of such notice being received, pay to the Investor in immediately available funds the Amount Outstanding for the Convertible Security to the Investor, unless the Company otherwise complies in all respects with its obligation to issue Conversion Shares set forth in clause 5.3 of this Agreement (which obligation will survive termination).
- (c) Upon termination of this Agreement, the Investor will not be required to fund any further amount nor effect any Closing, provided that termination will not affect any undischarged obligation under this Agreement, including, for the avoidance of doubt any obligation of the Company to issue Shares on exercise of Warrants and of any obligation of the Company to issue the Convertible Security.

- (d) Nothing in this Agreement will be deemed to release any Party from any liability for any breach by such Party of the terms and provisions of this Agreement or to impair the right of any Party to compel specific performance by any other Party of its obligations under this Agreement.

16. Survival and Indemnification

16.1 Survival

The provisions of clauses 1, 5 to 11, and 13 to 17 (inclusive) of this Agreement will survive, and continue in full force and effect, notwithstanding the execution of this Agreement and any Closing, until the Amount Outstanding under the Convertible Security outstanding, and all other payments payable hereunder and other obligations of the Company hereunder, have been satisfied in full.

16.2 Indemnification of Investor

- (a) Subject to the other terms and conditions of this clause 16, an Investor Indemnified Person will not be liable to the Company, and the Company shall indemnify and hold harmless each of the Investor, any general partner or manager of the Investor, and Affiliates of each of those parties, and the respective directors, officers, members, shareholders, partners, employees, attorneys, agents and permitted successors and assigns of each of the Investor, any general partner or manager of the Investor, and Affiliates of each of those parties (each, an **Investor Indemnified Person**), from and against any and all losses, claims, damages, liabilities, awards, demands and expenses (including, without limitation, all judgments, amounts paid in settlements, reasonable solicitors' fees and costs and attorney fees and disbursements and other expenses incurred in connection with investigating, preparing or defending any action, claim, proceeding, suit, investigation, or action by any Governmental Authority, pending or threatened, and the costs of enforcement) (collectively, **Losses**), that arise out of, are based on, relate to, or are incurred in connection with, any of the following:
- (i) a breach or non-performance by the Company of its covenants under this Agreement;
 - (ii) a breach or an inaccuracy of any of the Company's representations or warranties made in this Agreement;
 - (iii) any Misrepresentation made in the Materials or the Company's Public Record or the Disclosure Schedule in relation to the Company or the Contemplated Transactions;
 - (iv) any non-disclosure of any material fact or material change in relation to the Company or the Contemplated Transactions, or necessary to make the statements in the Materials or the Company's Public Record in light of the circumstances under which they were made, not misleading; and
 - (v) any inquiry, investigation or proceeding commenced or threatened by, or in, any court, administrative body, securities commission, stock exchange or other competent authority (each a **Proceeding**) based upon, or resulting from, the execution, delivery, performance or enforcement of any of the Transaction Documents, and whether or not the Investor is party thereto by claim, counterclaim, crossclaim, as a defendant or otherwise, or if such Proceeding is based upon, or results from, any of those items referred to in paragraphs (i) – (iv),

provided, however, that the Company shall not indemnify any Investor Indemnified Person from, or hold any Investor Indemnified Person harmless against, any Losses that result:

- (vi) directly from such Investor Indemnified Person's breach of any representation or warranty contained in this Agreement, or
 - (vii) from such Investor Indemnified Person's fraud, gross negligence or wilful misconduct or default in performing its obligations under this Agreement.
- (b) To the extent that the Company's undertaking in this clause 16.2 may be unenforceable for any reason, the Company shall make the maximum contribution to the payment and satisfaction of all Losses that is permissible under applicable Law.
- (c) To the extent that any amount payable to an Investor Indemnified Person in accordance with this clause 16.2 is subject to Tax or withholding, then, without limiting clause 10.15 or clause 11, the Company shall increase the amount payable to the Investor Indemnified Person by such additional amount as is necessary to ensure that after making the allowance for any Tax that may be payable, the Investor Indemnified Person receives the full amount required to be paid before giving effect to such allowance for Tax.
- (d) Each indemnity set out in this Agreement:
- (i) is a continuing obligation, independent of the Company's other obligations under this Agreement;
 - (ii) continues notwithstanding any termination of this Agreement;
 - (iii) constitutes a liability of the Company separate and independent from any other liability under this Agreement and under any other agreement; and
 - (iv) will survive, and continue in full force and effect, in accordance with clause 16.1.
- (e) The Company acknowledges that the indemnity given under this clause 16.2 is directly enforceable against it by any Investor Indemnified Person. The Investor holds the benefit of this clause 16.2 on trust for any Investor Indemnified Person.

17. Miscellaneous

17.1 Time of the essence

With regard to all dates and time periods set out in this Agreement or referred to in any Transaction Document, time is of the essence.

17.2 No partnership or advisory or fiduciary relationship

Nothing in this Agreement should be construed to create a partnership between the Parties, or a fiduciary or an advisory relationship between the Investor or any of its Affiliates and the Company.

17.3 Remedies and injunctive relief

- (a) The rights and remedies of the Investor set out in this Agreement and the other Transaction Documents are in addition to all other rights and remedies given to the Investor by law or otherwise.
- (b) The Company acknowledges that:

- (i) monetary damages alone may not be adequate compensation to the Investor for a breach by the Company of this Agreement; and
- (ii) the Investor may seek an injunction or an order for specific performance from a court of competent jurisdiction if:
 - (A) the Company fails to comply or threatens not to comply with this Agreement; or
 - (B) the Investor has valid reasons to believe that the Company will not comply with this Agreement.

17.4 Adjustments

- (a) Each time when a Security Structure Event occurs, the Conversion Price will be reduced or, as the case may be, increased, in the same proportion as the issued capital of the Company is, as the case may be, consolidated or subdivided, provided that the adjustment may not be greater than an amount that is equal to the difference between: (i) the trading price of the underlying securities immediately prior to such underlying securities trading on an "ex-distribution" basis, and (ii) the trading price of the underlying securities immediately after the underlying securities have commenced trading on an "ex-distribution" basis.
- (b) The intent of this clause 17.4 is to maintain the relative benefit and burden to the Investor and the Company of their respective economic bargains.
- (c) When the Company becomes aware of a fact that would reasonably be expected to give rise to an adjustment of the Conversion Price, the Company must promptly notify the Investor of the specifics of the fact that would reasonably be expected to give rise to such adjustment.

17.5 Successors and assigns

- (a) The rights and obligations of the Parties under this Agreement are personal and may not be assigned to any other person or assumed by any other person, except as expressly provided in this clause 17.5.
- (b) Neither this Agreement nor any of the Company's rights and obligations under this Agreement may be assigned by the Company without the prior written consent of the Investor, which consent will not be unreasonably withheld, conditioned or delayed.
- (c) Subject to clause 17.5(e), the Investor may assign this Agreement and/or any of its rights and/or obligations under this Agreement to any Affiliate of the Investor, any successor entity in connection with a merger or consolidation of the Investor with another entity, and/or any acquirer of a substantial portion of the Investor's business and/or assets.
- (d) Notwithstanding clause 17.5(c), but only for so long as no Event of Default has occurred and is subsisting (taking into account any applicable cure period under clause 12.3), the Investor will not assign any of its rights and obligations under this Agreement to a Competitor.
- (e) The Investor must notify the Company of any assignment or novation of any of its rights or obligations under this Agreement at least five (5) Business Days prior to the assignment or novation taking effect.
- (f) Nothing in this clause 17.5 will be deemed to prevent the Investor from assigning, transferring, encumbering or otherwise dealing with its rights under, or in connection

with, the Investor's Shares or Warrants without the consent of any person, subject to the Investor's compliance with applicable Laws.

17.6 Counterparts and e-mail

- (a) This Agreement may be executed in any number of counterparts, each of which will be deemed an original, and all of which together will constitute one and the same instrument.
- (b) Such counterparts may be delivered by one Party to the other by e-mail, and such counterparts will be valid for all purposes.

17.7 Notices

- (a) Except as otherwise specifically agreed, all notices and other communications made in connection with any Transaction Document will be in writing and must be delivered by a courier or another like service in person, by registered mail or sent by e-mail.
- (b) When delivered by a courier or another like service in person, or by registered mail, a notice will be deemed given, or another communication will be deemed to have been received:
 - (i) when delivered, if received during Business Hours in the place of delivery; or
 - (ii) at 9.00 am (in the place of delivery) on the Business Day immediately following the date of such delivery, if delivered outside of Business Hours in the place of delivery.
- (c) When sent by e-mail transmission, a notice will be deemed given, or another communication will be deemed to have been received:
 - (i) two hours after the time at which such transmission was sent (the ***E-mail Time***), if such time falls within Business Hours in the place of delivery; or
 - (ii) at 9.00 am (in the place of delivery) on the Business Day immediately following the date of the E-mail Time, if sent to the Company or the Investor and the E-mail Time falls outside of Business Hours in the place of delivery,

unless the sender receives an automated message that the email has not been delivered.

- (d) All notices and other communications required to be delivered in accordance with this Agreement will be sent to the representatives of the Party to be notified at the addresses or e-mail addresses indicated respectively below, or at such other addresses or e-mail addresses as the Parties may from time to time by like notice specify:
 - (i) If to the Company:
530 Trillium Drive
Kitchener, ON N2R 1J4
Canada

Attention: Nathan Woodworth
E-mail: nathan@jwc.ca

with a copy to

DLA Piper (Canada) LLP
100 King St W Suite 6000,
Toronto, ON M5X 1E2
Canada

Attention: Russel Drew
E-mail: russel.drew@dlapiper.com

(ii) If to the Investor:

Lind Global Macro Fund, LP
c/o The Lind Partners, LLC
444 Madison Ave., Fl 41
New York, NY 10022 USA

Attention: Mr. Jeff Easton
E-mail: notice@thelindpartners.com

17.8 Amendments and waivers

- (a) Any term of this Agreement may be amended, supplemented, or modified, only with the written consent of the Parties and subject to TSXV review and approval.
- (b) Any obligation of either Party under this Agreement may be extended or waived only by an instrument in writing signed on behalf of the Party entitled to enforce the obligation.

17.9 Legal Costs

- (a) Except as otherwise agreed and as set out in clause 17.9(b), each Party will bear its own legal costs in connection with the preparation of this Agreement.
- (b) The Parties acknowledge that the Company is obligated to make a non-refundable prepayment of C\$15,000 towards the Investor's legal costs in connection with this Agreement and the Contemplated Transactions. Further, upon the earlier of (i) the completion of the First Closing or (ii) the termination of this Agreement, and upon the Investor providing the Company with invoices for additional legal and due diligence costs in connection with this Agreement and the Contemplated Transactions, the Company will be obligated to pay up to a further C\$20,000 to the Investor's legal counsel (and/or other professional advisors engaged by the Investor) in respect of the Investor's legal and/or due diligence costs actually incurred in connection with this Agreement and the Contemplated Transactions.

17.10 Payments under this Agreement

Any payment to be made pursuant to the terms of this Agreement will be made by wire transfer of immediately available and cleared funds, except as expressly stated in this Agreement or unless the Parties agree otherwise.

17.11 Financial calculations

- (a) All calculations of any Conversion Price or Warrants Exercise Price under this Agreement must initially be undertaken by the Investor.
- (b) The Investor must notify the amount calculated under paragraph (a) to the Company for verification and confirmation, together with the underlying calculations and other supporting information.

- (c) The Investor must:
- (i) ensure any calculation referred to in sub-clause 17.11(a) is the result of accurate mathematical calculation; and
 - (ii) promptly provide any information reasonably requested by the Company to verify any calculation from time to time.
- (d) In the event of a dispute between the Investor and the Company as to the appropriateness or correctness of any calculation, any underlying assumption or supporting information, the Investor and the Company must meet and negotiate in good faith to settle the dispute upon notice from either Party to the other requiring the same. If the dispute is not resolved within two (2) Business Days, then in the absence of manifest error in, or a deficiency in supporting information for, the Investor's calculation, the Investor's calculation will be used for the purpose of effecting any Conversion Price, other issuance of Shares or other securities under this Agreement or for the relevant purpose.

17.12 Non circumvention

Neither Party to this Agreement shall do anything or omit to do anything that undermines or in any way circumvents, whether directly or indirectly the intent or objective of this Agreement.

17.13 Good Faith

The Parties acknowledge that they have negotiated the terms of this Agreement in good faith and each Party must act in good faith towards each other and use their best endeavours to comply with the spirit and intention of this Agreement.

17.14 Publicity and confidentiality

- (a) The Company shall not, (and will use its best endeavours to ensure that none of its Affiliates or any persons acting on behalf of the Company and any of its Affiliates), issue any public release or announcement concerning this Agreement, its subject-matter or content, or the Contemplated Transactions, or disclose any information provided by the Investor (including the terms of any Transaction Documents) (**Relevant Information**), without the prior written consent of the Investor (which consent will not be unreasonably withheld or delayed), subject to clause 17.14(c).
- (b) In any public release or announcement proposed to be made pursuant to Canadian Securities Laws, where the proposed public release or announcement proposes to make a reference to the Investor, the Company shall provide a copy of the proposed announcement to the Investor for review prior to release, subject to clause 17.14(c).
- (c) If the Company is required to make a disclosure concerning Relevant Information pursuant to Canadian Securities Laws, US Securities Law, the Corporations Act, TSXV Rules or by an order of a Government Authority, and the Company (acting reasonably) in order to comply with its legal or regulatory obligations does not have sufficient time to discuss the form of disclosure with the Investor or provide the Investor with a copy of the disclosure prior to making such disclosure, then the Company must:
- (i) ensure that any disclosure made regarding Relevant Information is restricted and limited in content and scope to the maximum extent permitted by Law to meet the relevant disclosure requirement; and
 - (ii) provide a copy of such disclosure (where it is public information) to the Investor as soon as reasonably possible.

For the avoidance of doubt, if the Company has sufficient time to discuss the form of disclosure with the Investor or provide a copy of the disclosure to the Investor prior to making the disclosure, it must do so in accordance with its obligations in clause 17.14(a).

- (d) Following the execution of this Agreement, the Investor and its Affiliates and/or advisors may place announcements on their respective corporate websites and in financial and other newspapers and publications (including, without limitation, customary “tombstone” advertisements) describing the Investor’s relationship with the Company under this Agreement and including the name and corporate logo of the Company.
- (e) Notwithstanding anything herein to the contrary, to comply with United States Treasury Regulations Section 1.6011-4(b)(3)(i), each Party to this Agreement, and each employee, representative or other agent of such Party, may disclose to any and all persons, without limitation of any kind, the U.S. federal and state income Tax treatment, and the U.S. federal and state income Tax structure, of the transactions contemplated hereby and all materials of any kind (including opinions or other Tax analyses) that are provided to such Party relating to such Tax treatment and Tax structure insofar as such treatment and/or structure relates to a U.S. federal or state income Tax strategy provided to such recipient.

17.15 Severability and supervening legislation

Every provision of this Agreement is intended to be severable, and any provision of this Agreement that is illegal, invalid, prohibited or unenforceable in any jurisdiction will, as to such jurisdiction, be ineffective to the extent of such illegality, invalidity, prohibition or unenforceability, without invalidating the remaining provisions, but will be interpreted as if it were written so as to be enforceable to the maximum extent permitted by applicable Law, and any such illegality, invalidity, prohibition or unenforceability in any jurisdiction will not affect the legality, validity, permissibility or enforceability of the remainder of this Agreement in that jurisdiction, or invalidate or render illegal, invalid, prohibited or unenforceable, such or any other provision of this Agreement in any other jurisdiction.

17.16 Illegality and impossibility

- (a) Upon a Frustration Termination Event, the Investor shall, unless then prohibited by Law, have the right, but not the obligation, upon notice to the Company, to immediately convert the Convertible Security (and all Amounts Outstanding) into Shares notwithstanding any of the limitations or terms or conditions otherwise provided under clause 5.3 of this Agreement.
- (b) If there is a Frustration Termination Event, and the Investor is prohibited by Law from immediately converting the Convertible Security (and all Amounts Outstanding) into Shares or the Company is prohibited by Law or otherwise from issuing all of the underlying Investor’s Shares in connection therewith to the Investor, the Investor may, but is not obligated to, in accordance with the terms of this clause 17.16, by giving a notice to the Company, suspend or cancel some or all of its obligations under this Agreement (including, without limitation, to fund any further amount to the Company or effect any Closing), or terminate this Agreement, as indicated in such notice.
- (c) If the Investor gives a notice to terminate this Agreement in accordance with this clause 17.16, the Company must within five (5) Business Days of such notice being received, subject to limitations that may be imposed pursuant to the Frustration

Termination Event, if any, pay to the Investor in immediately available funds the Amount Outstanding for the Convertible Security.

17.17 Change in Law

- (a) If there is a Change in Law Termination Event, the Investor may, in accordance with the terms of this clause 17.17, by giving a notice to the Company, suspend or cancel its obligation to fund any further amount to the Company or effect any Closing under this Agreement. Such suspension or cancellation will apply only to the extent necessary to avoid the event or circumstance which triggered the Change in Law Termination Event.
- (b) Upon a Change in Law Termination Event, the Investor shall, unless then prohibited by Law, have the right, but not the obligation, upon notice to the Company, to immediately convert the Convertible Security (and all Amounts Outstanding) into Shares notwithstanding any of the limitations or terms or conditions otherwise provided under clause 5.3 of this Agreement. Provided the Company is not prohibited by Law or otherwise from issuing all of the underlying Investor's Shares in connection therewith to the Company, the Company shall not terminate this Agreement.

17.18 Entire Agreement

This Agreement, including the Annexures and the Disclosure Schedule, and the instruments referenced in this Agreement, supersedes all prior agreements, understandings, negotiations and discussions, both oral and written, between the Parties, their Affiliates and persons acting on their behalf with respect to the subject matter of this Agreement and constitutes the entire agreement among the Parties with respect to the subject matter of this Agreement.

17.19 Governing Law

This Agreement is governed by the laws of the Province of Ontario and the federal laws of Canada applicable thereunder.

17.20 Jurisdiction

With respect to any legal action or proceedings arising out of or in any way related to this Agreement or its subject matter, the Parties irrevocably and unconditionally:

- (a) submit to the non-exclusive jurisdiction of the courts with jurisdiction in Ontario sitting in Toronto; and
- (b) waive any right to object to the venue on any ground.

Executed as an agreement.

Executed by James E. Wagner Cultivation Corporation

Signature

Name:

Title:

**Executed by Lind Global Macro Fund, LP,
by its general partner, Lind Global
Partners, LLC**

Signature

Jeff Easton

Managing Director

Schedule 1 – Disclosure Schedule

Refer to the enclosed.

Annexure A – Warrant Certificate

Refer to the enclosed.

Annexure B – Funds Flow Request

James E. Wagner Cultivation Corporation – Convertible Security Funding Agreement – Flow of Funds Request

In connection with a Convertible Security Funding Agreement, dated March 10, 2020 (the **Agreement**) between James E. Wagner Cultivation Corporation (**Company**) and Lind Global Macro Fund, LP (**Investor**), the Company irrevocably authorises the Investor to distribute such funds as set out below, in the manner set out below, at the First Closing.

Capitalised terms used but not otherwise defined in this letter will have the meaning given to such terms in the Agreement.

<i>Item</i>	<i>Amount</i>
First Convertible Security	[to insert]
Total	[to insert]

Please transfer the net amount of C\$[to insert] due at the First Closing, to the following bank account:

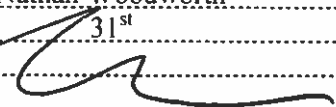
- Beneficiary Bank: ●
- Swift code: ●
- ABA/Routing ●
- Account # ●
- Beneficiary name and address: ●

Yours sincerely,

JAMES E. WAGNER CULTIVATION CORPORATION

By: _____
Name
Title

This is Exhibit "Q" *referred to in the*
affidavit of Nathan Woodworth
sworn before me, this 31st
day of March, 2020



.....
A COMMISSIONER FOR TAKING AFFIDAVITS

GUARANTEE

Guarantee dated as of March 16, 2020 made by GrowthStorm Inc. to and in favour of the Lind Global Macro Fund, LP.

RECITALS:

- (a) The Secured Creditor has agreed to invest C\$1,200,000 in the Company, and the Company has agreed to issue a convertible security to the Secured Creditor in accordance with the terms of the Convertible Security Funding Agreement;
- (b) It is a condition precedent to the extension of credit under the Convertible Security Funding Agreement that the Guarantor execute and deliver this Guarantee; and
- (c) The Company is the parent of the Guarantor and due to the close business and financial relationships between the Guarantor, the Company and the other affiliates party to the transactions contemplated by the Convertible Security Funding Agreement, the Guarantor will derive substantial direct and indirect benefits from such transactions and therefore the Guarantor considers it in its best interest to provide this Guarantee.

In consideration of the foregoing and other good and valuable consideration, the receipt and adequacy of which are acknowledged, the Guarantor agrees as follows.

ARTICLE 1 INTERPRETATION

Section 1.1 Defined Terms.

As used in this Guarantee the following terms have the following meanings:

"Company" means James E. Wagner Cultivation Corporation, a company incorporated and existing under the laws of the Province of Ontario, and its successors and permitted assigns.

"Convertible Security Funding Agreement" means the Convertible Security Funding Agreement dated as of March 10, 2020, between the Company and the Secured Creditor, as the same may be amended, modified, extended, renewed, replaced, restated, supplemented or refinanced from time to time and includes any agreement extending the maturity of, refinancing or restructuring all or any portion of, the indebtedness under such agreement or any successor agreements, whether or not with the same Secured Creditor.

"Credit Documents" means the Convertible Security Funding Agreement, this Guarantee, the Security Agreement and any other guarantees and security documents from time to time delivered in connection therewith.

"Credit Parties" means the Company, the Guarantor and James E. Wagner Cultivation Ltd. and any other Person that, from time to time, provides credit support for the Obligations.

"Guarantee" means this guarantee.

"Guarantor" means GrowthStorm Inc., a company incorporated and existing under the laws of the Province of Ontario, and its successors and permitted assigns.

"Guarantor Security Documents" means the Security Agreement and any other security held by the Secured Creditor, from time to time for the Guarantor's obligations under this Guarantee.

"Obligations" means (i) all debts, liabilities and obligations, present or future, direct or indirect, absolute or contingent, at any time or from time to time due or accruing due and owing by or otherwise payable by the Company to the Secured Creditor, in any currency, under or in connection with or pursuant to the Convertible Security Funding Agreement and any other Credit Document to which the Company is a party and whether incurred by the Company alone or jointly with another or others and whether as principal, guarantor or surety, and (ii) the due performance and compliance by the Company with all of the terms and conditions of the Convertible Security Funding Agreement and the other Credit Documents, as such debts, liabilities and obligations may be varied from time to time as contemplated by Section 3.7.

"Other Taxes" means present and future stamp and documentary taxes and any other excise and property taxes, charges, financial institutions duties, debits taxes and similar levies which arise from any payment made by the Guarantor under this Guarantee or under any of the Guarantor Security Documents or from the execution, delivery or registration of, or otherwise with respect to, this Guarantee or any of the Guarantor Security Documents, in each case, including any interest, additions to tax or penalties applicable thereto.

"Secured Creditor" means the Lind Global Macro Fund, LP and its successors and permitted assigns.

"Security Agreement" means the security agreement dated on or around the date hereof granted by the Company, the Guarantor and James E. Wagner Cultivation Ltd. in favour of the Secured Creditor.

"Taxes" means all taxes, levies, imposts, deductions, charges or withholdings and all related liabilities imposed by any country (or any political subdivision or taxing authority of it), including any interest, additions to tax or penalties applicable thereto.

Section 1.2 Interpretation.

- (1) Capitalized terms used in this Guarantee but not defined have the meanings given to them in the Convertible Security Funding Agreement.

- (2) In this Guarantee the words "**including**", "**includes**" and "**include**" mean "**including (or includes or include) without limitation**". The phrase "**the aggregate of**", "**the total of**", "**the sum of**", or a phrase of similar meaning means "**the aggregate (or total or sum), without duplication, of**". The expression "**Article**", "**Section**" or other subdivision followed by a number mean and refer to the specified Article, Section or other subdivision of this Guarantee.
- (3) Any reference in this Guarantee to gender includes all genders. Words importing the singular number only include the plural and vice versa.
- (4) The division of this Guarantee into Articles, Sections and other subdivisions and the insertion of headings are for convenient reference only and are not to affect its interpretation.
- (5) The schedules attached to this Guarantee form an integral part of it for all purposes of it.
- (6) Any reference to this Guarantee, any Credit Document or any Guarantor Security Document refers to this Guarantee or such Credit Document or Guarantor Security Document as the same may have been or may from time to time be amended, modified, extended, renewed, restated, replaced or supplemented and includes all schedules to it. Except as otherwise provided in this Guarantee, any reference in this Guarantee to a statute refers to such statute and all rules and regulations made under it as the same may have been or may from time to time be amended or re-enacted.
- (7) All references in this Guarantee to dollars, unless otherwise specifically indicated, are expressed in Canadian dollars.

ARTICLE 2 GUARANTEE

Section 2.1 Guarantee.

The Guarantor irrevocably and unconditionally guarantees to the Secured Creditor the due and punctual payment, and the due performance, whether at stated maturity, by acceleration or otherwise, of the Obligations. The Guarantor agrees that the Obligations will be paid to the Secured Creditor strictly in accordance with their terms and conditions.

Section 2.2 Indemnity.

If any or all of the Obligations are not duly performed by the Company and are not performed by the Guarantor under Section 2.1 for any reason whatsoever, the Guarantor will, as a separate and distinct obligation, indemnify and save harmless the Secured Creditor from and against all losses resulting from the failure of the Company to duly perform such Obligations.

Section 2.3 Primary Obligation

If any or all of the Obligations are not duly performed by the Company and are not performed by the Guarantor under Section 2.1 or the Secured Creditor is not indemnified under Section 2.2, in each case, for any reason whatsoever, such Obligations will, as a separate and distinct obligation, be performed by the Guarantor as primary obligor.

Section 2.4 Absolute Liability.

The Guarantor agrees that the liability of the Guarantor under Section 2.1 and Section 2.3 and, for greater certainty, under Section 2.2, is absolute and unconditional irrespective of:

- (a) the lack of validity or enforceability of any terms of any of the Credit Documents;
- (b) any contest by the Company or any other Person as to the amount of the Obligations, the validity or enforceability of any terms of the Credit Documents or the perfection or priority of any security granted to the Secured Creditor;
- (c) any defence, counter claim or right of set-off available to the Company;
- (d) any release, compounding or other variance of the liability of the Company or any other Person liable in any manner under or in respect of the Obligations or the extinguishment of all or any part of the Obligations by operation of law;
- (e) any change in the time or times for, or place or manner or terms of payment or performance of the Obligations or any consent, waiver, renewal, alteration, extension, compromise, arrangement, concession, release, discharge or other indulgences which the Secured Creditor may grant to the Company or any other Person;
- (f) any amendment or supplement to, or alteration or renewal of, or restatement, replacement, refinancing or modification or variation of (including any increase in the amounts available thereunder or the inclusion of an additional Company thereunder), or other action or inaction under, the Convertible Security Funding Agreement, the other Credit Documents or any other related document or instrument, or the Obligations;
- (g) any discontinuance, termination, reduction, renewal, increase, abstention from renewing or other variation of any credit or credit facilities to, or the terms or conditions of any transaction with, the Company or any other Person;
- (h) any change in the ownership, control, name, objects, businesses, assets, capital structure or constitution of the Company, the Guarantor or any other Credit Party or any reorganization (whether by way of reconstruction,

consolidation, amalgamation, merger, transfer, sale, lease or otherwise) of the Company, the Guarantor or any other Credit Party or their respective businesses;

- (i) any dealings with the security which the Secured Creditor holds or may hold pursuant to the terms and conditions of the Credit Documents, including the taking, giving up or exchange of securities, their variation or realization, the accepting of compositions and the granting of releases and discharges;
- (j) any limitation of status or power, disability, incapacity or other circumstance relating to the Company, the Guarantor, any other Credit Party or any other Person, including any bankruptcy, insolvency, reorganization, composition, adjustment, dissolution, liquidation, winding-up or other like proceeding involving or affecting the Company, the Guarantor, any other Credit Party or any other Person or any action taken with respect to this Guarantee by any trustee or receiver, or by any court, in any such proceeding, whether or not the Guarantor shall have notice or knowledge of any of the foregoing;
- (k) the assignment of all or any part of the benefits of this Guarantee;
- (l) any impossibility, impracticability, frustration of purpose, force majeure or illegality of any Credit Document, or the occurrence of any change in the laws, rules, regulations or ordinances of any jurisdiction or by any present or future action of (i) any governmental entity that amends, varies, reduces or otherwise affects, or purports to amend, vary, reduce or otherwise affect, any of the Obligations or the obligations of the Guarantor under this Guarantee, or (ii) any court order that amends, varies, reduces or otherwise affects any of the Obligations;
- (m) any taking or failure to take security, any loss of, or loss of value of, any security, or any invalidity, non-perfection or unenforceability of any security held by the Secured Creditor, or any exercise or enforcement of, or failure to exercise or enforce, security, or irregularity or defect in the manner or procedure by which the Secured Creditor realizes on such security;
- (n) any application of any sums received to the Obligations, or any part thereof, and any change in such application; and
- (o) any other circumstances which might otherwise constitute a defence available to, or a discharge of, the Guarantor, the Company or any other Person in respect of the Obligations or this Guarantee.

ARTICLE 3 ENFORCEMENT

Section 3.1 Remedies.

The Secured Creditor is not bound to exhaust its recourse against the Company or any other Person or realize on any security it may hold in respect of the Obligations before being entitled to (i) enforce payment and performance under this Guarantee or (ii) pursue any other remedy against the Guarantor, and the Guarantor renounces all benefits of discussion and division.

Section 3.2 Amount of Obligations.

Any account settled or stated by or between the Secured Creditor and the Company, or if any such account has not been settled or stated immediately before demand for payment under this Guarantee, any account stated by the Secured Creditor shall, in the absence of manifest mathematical error, be accepted by the Guarantor as conclusive evidence of the amount of the Obligations which is due by the Company to the Secured Creditor or remains unpaid by the Company to the Secured Creditor.

Section 3.3 Payment on Demand.

The Guarantor will pay and perform the Obligations and pay all other amounts payable by it to the Secured Creditor under this Guarantee, and the obligation to do so arises, immediately after demand for such payment or performance is made in writing to it. The liability of the Guarantor bears interest from the date of such demand at the rate or rates of interest then applicable to the Obligations under and calculated in the manner provided in the Credit Documents (including any adjustment to give effect to the provisions of the Interest Act (Canada)).

Section 3.4 Costs and Expenses.

The Guarantor is liable for and will pay on demand by the Secured Creditor any and all expenses, costs and charges incurred by or on behalf of the Secured Creditor in connection with this Guarantee, including all legal fees, courts costs, receivers or agent's remuneration and other expenses in connection with enforcing any of their rights under this Guarantee.

Section 3.5 Assignment and Postponement.

- (1) All obligations, liabilities and indebtedness of the Company to the Guarantor of any nature whatsoever and all security therefor (the "Intercorporate Indebtedness") are assigned and transferred to the Secured Creditor as continuing and collateral security for the Guarantor's obligations under this Guarantee and postponed to the payment in full of all Obligations. Until the occurrence of an Event of Default that is continuing, the Guarantor may receive payments in respect of the Intercorporate Indebtedness. The Guarantor will not assign all or any part of the Intercorporate Indebtedness to any Person other than the Secured Creditor.
- (2) Upon the occurrence and during the continuation of an Event of Default, all Intercorporate Indebtedness will be held in trust for the Secured Creditor and will be

collected, enforced or proved subject to, and for the purpose of, this Guarantee. In such event, any payments received by the Guarantor in respect of the Intercorporate Indebtedness will be held in trust for the Secured Creditor and segregated from other funds and property held by the Guarantor and immediately paid to the Secured Creditor on account of the Obligations.

- (3) In the event of any insolvency, bankruptcy or other proceeding involving the liquidation, arrangement, compromise, reorganization or other relief with respect to the Company or its debts, the Guarantor will, upon the request of the Secured Creditor, make and present a proof of claim or commence such other proceedings against the Company on account of the Intercorporate Indebtedness as may be reasonably necessary to establish the Guarantor's entitlement to payment of any Intercorporate Indebtedness. Such proof of claim or other proceeding must be made or commenced prior to the earlier of (i) the day which is 30 days after notice requesting such action is delivered by or on behalf of the Secured Creditor to the Guarantor and (ii) the day which is 10 days preceding the date when such proof of claim or other proceeding is required by applicable law to be made or commenced. Such proof of claim or other proceeding must be in form and substance acceptable to the Secured Creditor.
- (4) If the Guarantor fails to make and file such proof of claim or commence such other proceeding in accordance with this Section, the Secured Creditor is irrevocably authorized, empowered and directed and appointed the true and lawful attorney of the Guarantor (but is not obliged) with the power to exercise for and on behalf of the Guarantor the following rights, upon the occurrence and during the continuance of an Event of Default: (i) to make and present for and on behalf of the Guarantor proofs of claims or other such proceedings against the Company on account of the Intercorporate Indebtedness, (ii) to demand, sue for, receive and collect any and all dividends or other payments or disbursements made in respect of the Intercorporate Indebtedness in whatever form the same may be paid or issued and to apply the same on account of the Obligations, and (iii) to demand, sue for, collect and receive each such payment and distribution and give acquittance therefor and to file claims and take such other actions, in its own name or in the name of the Guarantor or otherwise, as the Secured Creditor may deem necessary or advisable to enforce its rights under this Guarantee.
- (5) The Guarantor will execute all subordinations, postponements, assignments and other agreements as the Secured Creditor may reasonably request to more effectively subordinate and postpone the Intercorporate Indebtedness to the payment and performance of the Obligations on the terms set out herein.
- (6) The provisions of this Section 3.5 survive the termination of this Guarantee and remain in full force and effect until (i) the Obligations and all other amounts owing under the Credit Documents are repaid in full; and (ii) the Secured Creditor has no further obligations under any of the Credit Documents.

Section 3.6 Suspension of Guarantor Rights.

So long as there are any Obligations, the Guarantor will not exercise any rights which it may at any time have by reason of the performance of any of its obligations under this Guarantee (i) to be indemnified by the Company, (ii) to claim contribution from any other guarantor of the debts, liabilities or obligations of the Company, or (iii) subject to Section 3.8, to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Secured Creditor under any of the Credit Documents.

Section 3.7 No Prejudice to Secured Creditor.

The Secured Creditor is not prejudiced in any way in the right to enforce any provision of this Guarantee by any act or failure to act on the part of the Company or the Secured Creditor. The Secured Creditor may, at any time and from time to time, in such manner it determines is expedient, without any consent of, or notice to, the Guarantor and without impairing or releasing the obligations of the Guarantor (i) change the manner, place, time or terms of payment or performance of the Obligations, (ii) renew or alter the Obligations, (iii) amend, vary, modify, supplement or replace any Credit Document or any other related document or instrument, (iv) discontinue, reduce, renew, increase, abstain from renewing or otherwise vary any credit or credit facilities to, any transaction with, the Company or any other Person, (v) release, compound or vary the liability of the Company or any other Person liable in any manner under or in respect of the Obligations, (vi) take or abstain from taking securities or collateral from any other Person, or from perfecting securities or collateral of any other Person, (vii) exercise or enforce or refrain from exercising or enforcing any right or security against the Company, the Guarantor or any other Person, (viii) accept compromises or arrangements from any Person, (ix) apply any sums from time to time received to the Obligations, or any part thereof, and change any such application in whole or in part from time to time, or (x) otherwise deal with, or waiver or modify their right to deal with, any Person and security. In their dealings with the Company, the Secured Creditor need not enquire into the authority or power of any Person purporting to act for or on behalf of the Company.

Section 3.8 No Subrogation.

The Guarantor irrevocably waives any claim, remedy or other right which it may now have or hereafter acquire against the Company that arises from the existence, payment, performance or enforcement of the Guarantor's obligations under this Guarantee, including any right of subrogation, reimbursement, exoneration, indemnification or any right to participate in any claim or remedy of the Secured Creditor against the Company or any collateral which the Secured Creditor now has or hereafter acquires, whether or not such claim, remedy or other right is reduced to judgment or is liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured, and whether or not such claim, remedy or other right arises in equity or under contract, statute or common law. The Guarantor further agrees that the Company is an intended third party beneficiary of the Guarantor's waiver contained in this Section 3.8. If any amount is paid to the Guarantor in violation of this Section and, at such time, the Secured Creditor's claims against the Company in respect of the Obligations have not been paid in full, any amount paid to the Guarantor is deemed to have been paid to the Guarantor for the benefit of, and held in trust for the Secured Creditor and will immediately be paid to the Secured Creditor

to be credited and applied to such Obligations. The Guarantor acknowledges that it will receive direct and indirect benefits from the transactions contemplated by this Guarantee and that the waiver in this Section 3.8 is knowingly made in contemplation of such benefits.

Section 3.9 No Set-off.

To the fullest extent permitted by law, the Guarantor makes all payments under this Guarantee without regard to any defence, counter-claim or right of set-off available to it.

Section 3.10 Successors of the Company.

This Guarantee will not be revoked by any change in the constitution of the Company.

Section 3.11 Continuing Guarantee and Continuing Obligations.

The obligation of the Guarantor under Section 2.1 is a continuing guarantee, and the obligations of the Guarantor under Section 2.2 and Section 2.3 are continuing obligations. Each of Section 2.1, Section 2.2 and Section 2.3 extends to all present and future Obligations, applies to and secures the ultimate balance of the Obligations due or remaining due to the Secured Creditor and is binding as a continuing obligation of the Guarantor until the Secured Creditor releases the Guarantor. This Guarantee will continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Obligations is rescinded or must otherwise be returned by the Secured Creditor upon the insolvency, bankruptcy or reorganization of the Company or otherwise, all as though the payment had not been made.

Section 3.12 Supplemental Security.

This Guarantee is in addition and without prejudice to and supplemental to all other guarantees, indemnities, obligations and security now held or which may hereafter be held by the Secured Creditor.

Section 3.13 Security for Guarantee.

The Guarantor acknowledges that the payment and performance of the Obligations and the other obligations of the Guarantor under this Guarantee are secured pursuant to the terms and provisions of the Guarantor Security Documents.

Section 3.14 Right of Set-off.

Upon the occurrence and during the continuance of any Event of Default, the Secured Creditor is authorized by the Guarantor at any time and from time to time and may, to the fullest extent permitted by law, set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by the Secured Creditor to or for the credit or the account of the Guarantor against any and all of the obligations of the Guarantor now or hereafter existing irrespective of whether or not (i) the Secured Creditor has made any demand under this Guarantee, or (ii) any of the obligations comprising the Obligations are contingent or unmatured. The rights of the Secured Creditor under this Section 3.14 are in addition and without prejudice to and supplemental to other rights and remedies which the Secured Creditor may have.

Section 3.15 Interest Act (Canada).

The Guarantor acknowledges that certain of the rates of interest applicable to the Obligations may be computed on the basis of a year of 360 days or 365 days, as the case may be and paid for the actual number of days elapsed. For purposes of the *Interest Act* (Canada), whenever any interest is calculated using a rate based on a year of 360 days or 365 days, as the case may be, such rate determined pursuant to such calculation, when expressed as an annual rate is equivalent to (i) the applicable rate based on a year of 360 days or 365 days, as the case may be, (ii) multiplied by the actual number of days in the calendar year in which the period for such interest is payable (or compounded) ends, and (iii) divided by 360 or 365, as the case may be.

Section 3.16 Taxes.

- (1) All payments to the Secured Creditor by the Guarantor under this Guarantee or under any of the Guarantor Security Documents will be made free and clear of and without deduction or withholding for any and all Taxes, unless such Taxes are required by applicable law to be deducted or withheld. If the Guarantor is required by applicable law to deduct or withhold any such Taxes from or in respect of any amount payable under this Guarantee or under any of the Guarantor Security Documents (i) the amount payable shall be increased (and for greater certainty, in the case of interest, the amount of interest shall be increased) as may be necessary so that after making all required deductions or withholdings (including deductions or withholdings applicable to any additional amounts paid under this Section 3.16), the Secured Creditor receives an amount equal to the amount it would have received if no such deduction or withholding had been made, (ii) the Guarantor will make such deductions or withholdings, and (iii) the Guarantor will immediately pay the full amount deducted or withheld to the relevant Governmental Entity in accordance with applicable law.
- (2) The Guarantor agrees to immediately pay any Other Taxes.
- (3) The Guarantor will indemnify the Secured Creditor for the full amount of Taxes and Other Taxes (including, without limitation, any Taxes or Other Taxes imposed by any jurisdiction on amounts payable by the Guarantor under this Section 3.16) paid by the Secured Creditor and any liability (including penalties, interest and expenses) arising from or with respect to such Taxes and Other Taxes, whether or not they were correctly or legally asserted. Payment under this indemnification will be made within 30 days from the date the Secured Creditor makes written demand for it. A certificate as to the amount of such Taxes and Other Taxes submitted to the Guarantor by the Secured Creditor is conclusive evidence, absent manifest error, of the amount due from the Guarantor to the Secured Creditor.
- (4) The Guarantor will furnish to the Secured Creditor the original or a certified copy of a receipt evidencing payment of any Taxes or Other Taxes made by the Guarantor within 30 days after the date of any payment of such Taxes or Other Taxes.
- (5) The provisions of this Section 3.16 survive the termination of this Guarantee.

Section 3.17 Judgment Currency.

- (1) If for the purposes of obtaining judgment in any court it is necessary to convert all or any part of the Obligations or any other amount due to the Secured Creditor in respect of the Guarantor's obligations under this Guarantee in any currency (the "Original Currency") into another currency (the "Other Currency"), the Guarantor, to the fullest extent that it may effectively do so, agrees that the rate of exchange used shall be that at which, in accordance with normal banking procedures, the Secured Creditor could purchase the Original Currency with the Other Currency on the Business Day preceding that on which final judgment is paid or satisfied.
- (2) The obligations of the Guarantor in respect of any sum due in the Original Currency from it to the Secured Creditor shall, notwithstanding any judgment in any Other Currency, be discharged only to the extent that on the Business Day following receipt by the Secured Creditor, of any sum adjudged to be so due in such Other Currency the Secured Creditor may, in accordance with its normal banking procedures, purchase the Original Currency with such Other Currency. If the amount of the Original Currency so purchased is less than the sum originally due to the Secured Creditor in the Original Currency, the Guarantor agrees, as a separate obligation and notwithstanding any such judgment, to indemnify the Secured Creditor against such loss, and if the amount of the Original Currency so purchased exceeds the sum originally due to the Secured Creditor in the Original Currency, the Secured Creditor agrees to remit such excess to the Guarantor.

**ARTICLE 4
REPRESENTATIONS AND WARRANTIES**

Section 4.1 General.

The Guarantor represents and warrants, acknowledging and confirming that the Secured Creditor is relying on such representations and warranties, that:

- (a) **Creation, Existence, Power and Capacity.** The Guarantor is a valid and subsisting company under the laws of its jurisdiction of existence and has all necessary power and capacity to own its properties and assets and carry on its business and to enter into and perform its obligations under this Guarantee.
- (b) **Valid Authorization and Enforceability.** The Guarantor has taken all necessary action to authorize the execution and delivery of, and performance of its obligations under, this Guarantee and this Guarantee has been duly executed and delivered. This Guarantee constitutes legal, valid and binding obligations of the Guarantor enforceable against it in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors rights generally and the discretion exercisable by courts of competent jurisdiction in respect of the availability of equitable remedies and general equitable principles.

- (c) **Non-Conflict.** The execution or delivery by the Guarantor of, and the performance of its obligations under, this Guarantee: (i) does not and will not require any shareholder consent or approval which has not been obtained, (ii) does not and will not violate, breach or conflict with or constitute a default under any provision of its constating documents or any applicable law and (iii) does not and will not violate, contravene, breach or constitute a default under any material agreement or undertaking to which it is a party or by which it or any of its properties is bound or affected.

**ARTICLE 5
GENERAL**

Section 5.1 Notices, etc.

Any notice, direction or other communication (each a "Notice") given regarding the matters contemplated by this Guarantee must be in writing, sent by personal delivery, courier or facsimile (but not by electronic mail) and addressed:

- (a) to the Guarantor at:

c/o James E. Wagner Cultivation Corporation
530 Trillium Drive
Kitchener, ON N2R 1J4
Canada

Attention: Nathan Woodworth
Phone: (519) 594-0144 x 421

with a copy to:

DLA Piper (Canada) LLP
100 King St W Suite 6000,
Toronto, ON M5X 1E2
Canada

Attention: Russel Drew
Phone: 416-369-5260

- (b) to the Secured Creditor at:

444 Madison Avenue, 41st Floor
New York, NY
10022 USA

Attention: Jeff Easton
Telephone: +1 646 395 3931

A Notice is deemed to be delivered and received (i) if sent by personal delivery, on the date of delivery if it is a Business Day and the delivery was made prior to 4:00 p.m. (local time in place of receipt) and otherwise on the next Business Day, (ii) if sent by same-day service courier, on the date of delivery if sent on a Business Day and delivery was made prior to 4:00 p.m. (local time in place of receipt) and otherwise on the next Business Day, or (iii) if sent by overnight courier, on the next Business Day. A party may change its address for service from time to time by providing a Notice in accordance with the foregoing. Any subsequent Notice must be sent to the party at its changed address. Any element of a party's address that is not specifically changed in a Notice will be assumed not to be changed.

Section 5.2 No Merger, Survival of Representations and Warranties.

The representations, warranties and covenants of the Guarantor in this Guarantee survive the execution and delivery of this Guarantee and each advance under the Convertible Security Funding Agreement. Notwithstanding any investigation made by or on behalf of the Secured Creditor, the representations, warranties and covenants in this Guarantee continue in full force and effect.

Section 5.3 Further Assurances.

- (1) The Guarantor will do all acts and things and execute and deliver, or cause to be executed and delivered, all documents and instruments that the Secured Creditor may reasonably request to give full effect to this Guarantee and to perfect and preserve the rights and powers of the Secured Creditor under this Guarantee, including any acknowledgements and confirmations of this Guarantee and the Guarantor Security Documents.
- (2) The Guarantor acknowledges and confirms that the Guarantor itself has established its own adequate means of obtaining from the Company on a continuing basis all information desired by the Guarantor concerning the financial condition of the Company and that the Guarantor will look to the Company and not to the Secured Creditor, in order for the Guarantor to keep adequately informed of changes in the Company' financial condition.

Section 5.4 Successors and Assigns.

This Guarantee is binding upon the Guarantor, its successors and assigns, and enures to the benefit of the Secured Creditor and its successors and assigns. This Guarantee may be assigned by the Secured Creditor without the consent of, or notice to, the Guarantor, to such Person as the Secured Creditor may determine and, in such event, such Person will be entitled to all of the rights and remedies of the Secured Creditor as set forth in this Guarantee or otherwise. In any action brought by an assignee to enforce any such right or remedy, the Guarantor will not assert against the assignee any claim or defence which the Guarantor now has or may have against the Secured Creditor. The Guarantor may not assign, transfer or delegate any of its rights or obligations under this Guarantee without the prior written consent of the Secured Creditor which may be unreasonably withheld.

Section 5.5 Amendment.

This Guarantee may only be amended, supplemented or otherwise modified by written agreement executed by the Secured Creditor and the Guarantor.

Section 5.6 Waivers, etc.

- (1) No consent or waiver by the Secured Creditor in respect of this Guarantee is binding unless made in writing and signed by an authorized officer of the Secured Creditor. Any consent or waiver given under this Guarantee is effective only in the specific instance and for the specific purpose for which given. No waiver of any of the provisions of this Guarantee constitutes a waiver of any other provision.
- (2) A failure or delay on the part of the Secured Creditor in exercising a right under this Guarantee does not operate as a waiver of, or impair, any right of the Secured Creditor however arising. A single or partial exercise of a right on the part of the Secured Creditor does not preclude any other or further exercise of that right or the exercise of any other right by the Secured Creditor.

Section 5.7 Severability.

If any court of competent jurisdiction from which no appeal exists or is taken, determines that any provision of this Guarantee is illegal, invalid or unenforceable, that provision will be severed from this Guarantee and the remaining provisions will remain in full force and effect.

Section 5.8 Application of Proceeds.

All monies collected by the Secured Creditor under this Guarantee will be applied as provided in the Convertible Security Funding Agreement. To the extent any other Credit Document requires proceeds of collateral under such Credit Document to be applied in accordance with the provisions of this Guarantee, the Secured Creditor or holder under such other Credit Document shall apply such proceeds in accordance with this Section.

Section 5.9 Governing Law.

- (1) This Guarantee will be governed by, interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.
- (2) The Guarantor irrevocably attorns and submits to the exclusive jurisdiction of any court of competent jurisdiction of the Province of Ontario sitting in Toronto in any action or proceeding arising out of or relating to this Guarantee and the other Credit Documents to which it is a party. The Guarantor irrevocably waives objection to the venue of any action or proceeding in such court or that such court provides an inconvenient forum. Nothing in this Section limits the right of the Secured Creditor to bring proceedings against the Guarantor in the courts of any other jurisdiction.

IN WITNESS WHEREOF the Guarantor has executed this Guarantee.

GROWTHSTORM INC.

By: Nathan Woodworth
6832A3268973407B0525AE86C621B68C contractworks

Authorized Signing Officer

GUARANTEE

Guarantee dated as of March 16, 2020 made by James E. Wagner Cultivation Ltd. to and in favour of the Lind Global Macro Fund, LP.

RECITALS:

- (a) The Secured Creditor has agreed to invest C\$1,200,000 in the Company, and the Company has agreed to issue a convertible security to the Secured Creditor in accordance with the terms of the Convertible Security Funding Agreement;
- (b) It is a condition precedent to the extension of credit under the Convertible Security Funding Agreement that the Guarantor execute and deliver this Guarantee; and
- (c) The Company is the parent of the Guarantor and due to the close business and financial relationships between the Guarantor, the Company and the other affiliates party to the transactions contemplated by the Convertible Security Funding Agreement, the Guarantor will derive substantial direct and indirect benefits from such transactions and therefore the Guarantor considers it in its best interest to provide this Guarantee.

In consideration of the foregoing and other good and valuable consideration, the receipt and adequacy of which are acknowledged, the Guarantor agrees as follows.

ARTICLE 1 INTERPRETATION

Section 1.1 Defined Terms.

As used in this Guarantee the following terms have the following meanings:

"Company" means James E. Wagner Cultivation Corporation, a company incorporated and existing under the laws of the Province of Ontario, and its successors and permitted assigns.

"Convertible Security Funding Agreement" means the Convertible Security Funding Agreement dated as of March 10, 2020, between the Company and the Secured Creditor, as the same may be amended, modified, extended, renewed, replaced, restated, supplemented or refinanced from time to time and includes any agreement extending the maturity of, refinancing or restructuring all or any portion of, the indebtedness under such agreement or any successor agreements, whether or not with the same Secured Creditor.

"Credit Documents" means the Convertible Security Funding Agreement, this Guarantee, the Security Agreement and any other guarantees and security documents from time to time delivered in connection therewith.

"Credit Parties" means the Company, the Guarantor and GrowthStorm Inc. and any other Person that, from time to time, provides credit support for the Obligations.

"Guarantee" means this guarantee.

"Guarantor" means James E. Wagner Cultivation Ltd. a company incorporated and existing under the laws of the Province of Ontario, and its successors and permitted assigns.

"Guarantor Security Documents" means the Security Agreement and any other security held by the Secured Creditor, from time to time for the Guarantor's obligations under this Guarantee.

"Obligations" means (i) all debts, liabilities and obligations, present or future, direct or indirect, absolute or contingent, at any time or from time to time due or accruing due and owing by or otherwise payable by the Company to the Secured Creditor, in any currency, under or in connection with or pursuant to the Convertible Security Funding Agreement and any other Credit Document to which the Company is a party and whether incurred by the Company alone or jointly with another or others and whether as principal, guarantor or surety, and (ii) the due performance and compliance by the Company with all of the terms and conditions of the Convertible Security Funding Agreement and the other Credit Documents, as such debts, liabilities and obligations may be varied from time to time as contemplated by Section 3.7.

"Other Taxes" means present and future stamp and documentary taxes and any other excise and property taxes, charges, financial institutions duties, debits taxes and similar levies which arise from any payment made by the Guarantor under this Guarantee or under any of the Guarantor Security Documents or from the execution, delivery or registration of, or otherwise with respect to, this Guarantee or any of the Guarantor Security Documents, in each case, including any interest, additions to tax or penalties applicable thereto.

"Secured Creditor" means the Lind Global Macro Fund, LP and its successors and permitted assigns.

"Security Agreement" means the security agreement dated on or around the date hereof granted by the Company, the Guarantor and GrowthStorm Inc. in favour of the Secured Creditor.

"Taxes" means all taxes, levies, imposts, deductions, charges or withholdings and all related liabilities imposed by any country (or any political subdivision or taxing authority of it), including any interest, additions to tax or penalties applicable thereto.

Section 1.2 Interpretation.

- (1) Capitalized terms used in this Guarantee but not defined have the meanings given to them in the Convertible Security Funding Agreement.

- (2) In this Guarantee the words "**including**", "**includes**" and "**include**" mean "**including (or includes or include) without limitation**". The phrase "**the aggregate of**", "**the total of**", "**the sum of**", or a phrase of similar meaning means "**the aggregate (or total or sum), without duplication, of**". The expression "**Article**", "**Section**" or other subdivision followed by a number mean and refer to the specified Article, Section or other subdivision of this Guarantee.
- (3) Any reference in this Guarantee to gender includes all genders. Words importing the singular number only include the plural and vice versa.
- (4) The division of this Guarantee into Articles, Sections and other subdivisions and the insertion of headings are for convenient reference only and are not to affect its interpretation.
- (5) The schedules attached to this Guarantee form an integral part of it for all purposes of it.
- (6) Any reference to this Guarantee, any Credit Document or any Guarantor Security Document refers to this Guarantee or such Credit Document or Guarantor Security Document as the same may have been or may from time to time be amended, modified, extended, renewed, restated, replaced or supplemented and includes all schedules to it. Except as otherwise provided in this Guarantee, any reference in this Guarantee to a statute refers to such statute and all rules and regulations made under it as the same may have been or may from time to time be amended or re-enacted.
- (7) All references in this Guarantee to dollars, unless otherwise specifically indicated, are expressed in Canadian dollars.

ARTICLE 2 GUARANTEE

Section 2.1 Guarantee.

The Guarantor irrevocably and unconditionally guarantees to the Secured Creditor the due and punctual payment, and the due performance, whether at stated maturity, by acceleration or otherwise, of the Obligations. The Guarantor agrees that the Obligations will be paid to the Secured Creditor strictly in accordance with their terms and conditions.

Section 2.2 Indemnity.

If any or all of the Obligations are not duly performed by the Company and are not performed by the Guarantor under Section 2.1 for any reason whatsoever, the Guarantor will, as a separate and distinct obligation, indemnify and save harmless the Secured Creditor from and against all losses resulting from the failure of the Company to duly perform such Obligations.

Section 2.3 Primary Obligation

If any or all of the Obligations are not duly performed by the Company and are not performed by the Guarantor under Section 2.1 or the Secured Creditor is not indemnified under Section 2.2, in each case, for any reason whatsoever, such Obligations will, as a separate and distinct obligation, be performed by the Guarantor as primary obligor.

Section 2.4 Absolute Liability.

The Guarantor agrees that the liability of the Guarantor under Section 2.1 and Section 2.3 and, for greater certainty, under Section 2.2, is absolute and unconditional irrespective of:

- (a) the lack of validity or enforceability of any terms of any of the Credit Documents;
- (b) any contest by the Company or any other Person as to the amount of the Obligations, the validity or enforceability of any terms of the Credit Documents or the perfection or priority of any security granted to the Secured Creditor;
- (c) any defence, counter claim or right of set-off available to the Company;
- (d) any release, compounding or other variance of the liability of the Company or any other Person liable in any manner under or in respect of the Obligations or the extinguishment of all or any part of the Obligations by operation of law;
- (e) any change in the time or times for, or place or manner or terms of payment or performance of the Obligations or any consent, waiver, renewal, alteration, extension, compromise, arrangement, concession, release, discharge or other indulgences which the Secured Creditor may grant to the Company or any other Person;
- (f) any amendment or supplement to, or alteration or renewal of, or restatement, replacement, refinancing or modification or variation of (including any increase in the amounts available thereunder or the inclusion of an additional Company thereunder), or other action or inaction under, the Convertible Security Funding Agreement, the other Credit Documents or any other related document or instrument, or the Obligations;
- (g) any discontinuance, termination, reduction, renewal, increase, abstention from renewing or other variation of any credit or credit facilities to, or the terms or conditions of any transaction with, the Company or any other Person;
- (h) any change in the ownership, control, name, objects, businesses, assets, capital structure or constitution of the Company, the Guarantor or any other Credit Party or any reorganization (whether by way of reconstruction,

consolidation, amalgamation, merger, transfer, sale, lease or otherwise) of the Company, the Guarantor or any other Credit Party or their respective businesses;

- (i) any dealings with the security which the Secured Creditor holds or may hold pursuant to the terms and conditions of the Credit Documents, including the taking, giving up or exchange of securities, their variation or realization, the accepting of compositions and the granting of releases and discharges;
- (j) any limitation of status or power, disability, incapacity or other circumstance relating to the Company, the Guarantor, any other Credit Party or any other Person, including any bankruptcy, insolvency, reorganization, composition, adjustment, dissolution, liquidation, winding-up or other like proceeding involving or affecting the Company, the Guarantor, any other Credit Party or any other Person or any action taken with respect to this Guarantee by any trustee or receiver, or by any court, in any such proceeding, whether or not the Guarantor shall have notice or knowledge of any of the foregoing;
- (k) the assignment of all or any part of the benefits of this Guarantee;
- (l) any impossibility, impracticability, frustration of purpose, force majeure or illegality of any Credit Document, or the occurrence of any change in the laws, rules, regulations or ordinances of any jurisdiction or by any present or future action of (i) any governmental entity that amends, varies, reduces or otherwise affects, or purports to amend, vary, reduce or otherwise affect, any of the Obligations or the obligations of the Guarantor under this Guarantee, or (ii) any court order that amends, varies, reduces or otherwise affects any of the Obligations;
- (m) any taking or failure to take security, any loss of, or loss of value of, any security, or any invalidity, non-perfection or unenforceability of any security held by the Secured Creditor, or any exercise or enforcement of, or failure to exercise or enforce, security, or irregularity or defect in the manner or procedure by which the Secured Creditor realizes on such security;
- (n) any application of any sums received to the Obligations, or any part thereof, and any change in such application; and
- (o) any other circumstances which might otherwise constitute a defence available to, or a discharge of, the Guarantor, the Company or any other Person in respect of the Obligations or this Guarantee.

ARTICLE 3 ENFORCEMENT

Section 3.1 Remedies.

The Secured Creditor is not bound to exhaust its recourse against the Company or any other Person or realize on any security it may hold in respect of the Obligations before being entitled to (i) enforce payment and performance under this Guarantee or (ii) pursue any other remedy against the Guarantor, and the Guarantor renounces all benefits of discussion and division.

Section 3.2 Amount of Obligations.

Any account settled or stated by or between the Secured Creditor and the Company, or if any such account has not been settled or stated immediately before demand for payment under this Guarantee, any account stated by the Secured Creditor shall, in the absence of manifest mathematical error, be accepted by the Guarantor as conclusive evidence of the amount of the Obligations which is due by the Company to the Secured Creditor or remains unpaid by the Company to the Secured Creditor.

Section 3.3 Payment on Demand.

The Guarantor will pay and perform the Obligations and pay all other amounts payable by it to the Secured Creditor under this Guarantee, and the obligation to do so arises, immediately after demand for such payment or performance is made in writing to it. The liability of the Guarantor bears interest from the date of such demand at the rate or rates of interest then applicable to the Obligations under and calculated in the manner provided in the Credit Documents (including any adjustment to give effect to the provisions of the Interest Act (Canada)).

Section 3.4 Costs and Expenses.

The Guarantor is liable for and will pay on demand by the Secured Creditor any and all expenses, costs and charges incurred by or on behalf of the Secured Creditor in connection with this Guarantee, including all legal fees, courts costs, receivers or agent's remuneration and other expenses in connection with enforcing any of their rights under this Guarantee.

Section 3.5 Assignment and Postponement.

- (1) All obligations, liabilities and indebtedness of the Company to the Guarantor of any nature whatsoever and all security therefor (the "**Intercorporate Indebtedness**") are assigned and transferred to the Secured Creditor as continuing and collateral security for the Guarantor's obligations under this Guarantee and postponed to the payment in full of all Obligations. Until the occurrence of an Event of Default that is continuing, the Guarantor may receive payments in respect of the Intercorporate Indebtedness. The Guarantor will not assign all or any part of the Intercorporate Indebtedness to any Person other than the Secured Creditor.
- (2) Upon the occurrence and during the continuation of an Event of Default, all Intercorporate Indebtedness will be held in trust for the Secured Creditor and will be

collected, enforced or proved subject to, and for the purpose of, this Guarantee. In such event, any payments received by the Guarantor in respect of the Intercorporate Indebtedness will be held in trust for the Secured Creditor and segregated from other funds and property held by the Guarantor and immediately paid to the Secured Creditor on account of the Obligations.

- (3) In the event of any insolvency, bankruptcy or other proceeding involving the liquidation, arrangement, compromise, reorganization or other relief with respect to the Company or its debts, the Guarantor will, upon the request of the Secured Creditor, make and present a proof of claim or commence such other proceedings against the Company on account of the Intercorporate Indebtedness as may be reasonably necessary to establish the Guarantor's entitlement to payment of any Intercorporate Indebtedness. Such proof of claim or other proceeding must be made or commenced prior to the earlier of (i) the day which is 30 days after notice requesting such action is delivered by or on behalf of the Secured Creditor to the Guarantor and (ii) the day which is 10 days preceding the date when such proof of claim or other proceeding is required by applicable law to be made or commenced. Such proof of claim or other proceeding must be in form and substance acceptable to the Secured Creditor.
- (4) If the Guarantor fails to make and file such proof of claim or commence such other proceeding in accordance with this Section, the Secured Creditor is irrevocably authorized, empowered and directed and appointed the true and lawful attorney of the Guarantor (but is not obliged) with the power to exercise for and on behalf of the Guarantor the following rights, upon the occurrence and during the continuance of an Event of Default: (i) to make and present for and on behalf of the Guarantor proofs of claims or other such proceedings against the Company on account of the Intercorporate Indebtedness, (ii) to demand, sue for, receive and collect any and all dividends or other payments or disbursements made in respect of the Intercorporate Indebtedness in whatever form the same may be paid or issued and to apply the same on account of the Obligations, and (iii) to demand, sue for, collect and receive each such payment and distribution and give acquittance therefor and to file claims and take such other actions, in its own name or in the name of the Guarantor or otherwise, as the Secured Creditor may deem necessary or advisable to enforce its rights under this Guarantee.
- (5) The Guarantor will execute all subordinations, postponements, assignments and other agreements as the Secured Creditor may reasonably request to more effectively subordinate and postpone the Intercorporate Indebtedness to the payment and performance of the Obligations on the terms set out herein.
- (6) The provisions of this Section 3.5 survive the termination of this Guarantee and remain in full force and effect until (i) the Obligations and all other amounts owing under the Credit Documents are repaid in full; and (ii) the Secured Creditor has no further obligations under any of the Credit Documents.

Section 3.6 Suspension of Guarantor Rights.

So long as there are any Obligations, the Guarantor will not exercise any rights which it may at any time have by reason of the performance of any of its obligations under this Guarantee (i) to be indemnified by the Company, (ii) to claim contribution from any other guarantor of the debts, liabilities or obligations of the Company, or (iii) subject to Section 3.8, to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any rights of the Secured Creditor under any of the Credit Documents.

Section 3.7 No Prejudice to Secured Creditor.

The Secured Creditor is not prejudiced in any way in the right to enforce any provision of this Guarantee by any act or failure to act on the part of the Company or the Secured Creditor. The Secured Creditor may, at any time and from time to time, in such manner it determines is expedient, without any consent of, or notice to, the Guarantor and without impairing or releasing the obligations of the Guarantor (i) change the manner, place, time or terms of payment or performance of the Obligations, (ii) renew or alter the Obligations, (iii) amend, vary, modify, supplement or replace any Credit Document or any other related document or instrument, (iv) discontinue, reduce, renew, increase, abstain from renewing or otherwise vary any credit or credit facilities to, any transaction with, the Company or any other Person, (v) release, compound or vary the liability of the Company or any other Person liable in any manner under or in respect of the Obligations, (vi) take or abstain from taking securities or collateral from any other Person, or from perfecting securities or collateral of any other Person, (vii) exercise or enforce or refrain from exercising or enforcing any right or security against the Company, the Guarantor or any other Person, (viii) accept compromises or arrangements from any Person, (ix) apply any sums from time to time received to the Obligations, or any part thereof, and change any such application in whole or in part from time to time, or (x) otherwise deal with, or waiver or modify their right to deal with, any Person and security. In their dealings with the Company, the Secured Creditor need not enquire into the authority or power of any Person purporting to act for or on behalf of the Company.

Section 3.8 No Subrogation.

The Guarantor irrevocably waives any claim, remedy or other right which it may now have or hereafter acquire against the Company that arises from the existence, payment, performance or enforcement of the Guarantor's obligations under this Guarantee, including any right of subrogation, reimbursement, exoneration, indemnification or any right to participate in any claim or remedy of the Secured Creditor against the Company or any collateral which the Secured Creditor now has or hereafter acquires, whether or not such claim, remedy or other right is reduced to judgment or is liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured, and whether or not such claim, remedy or other right arises in equity or under contract, statute or common law. The Guarantor further agrees that the Company is an intended third party beneficiary of the Guarantor's waiver contained in this Section 3.8. If any amount is paid to the Guarantor in violation of this Section and, at such time, the Secured Creditor's claims against the Company in respect of the Obligations have not been paid in full, any amount paid to the Guarantor is deemed to have been paid to the Guarantor for the benefit of, and held in trust for the Secured Creditor and will immediately be paid to the Secured Creditor

to be credited and applied to such Obligations. The Guarantor acknowledges that it will receive direct and indirect benefits from the transactions contemplated by this Guarantee and that the waiver in this Section 3.8 is knowingly made in contemplation of such benefits.

Section 3.9 No Set-off.

To the fullest extent permitted by law, the Guarantor makes all payments under this Guarantee without regard to any defence, counter-claim or right of set-off available to it.

Section 3.10 Successors of the Company.

This Guarantee will not be revoked by any change in the constitution of the Company.

Section 3.11 Continuing Guarantee and Continuing Obligations.

The obligation of the Guarantor under Section 2.1 is a continuing guarantee, and the obligations of the Guarantor under Section 2.2 and Section 2.3 are continuing obligations. Each of Section 2.1, Section 2.2 and Section 2.3 extends to all present and future Obligations, applies to and secures the ultimate balance of the Obligations due or remaining due to the Secured Creditor and is binding as a continuing obligation of the Guarantor until the Secured Creditor releases the Guarantor. This Guarantee will continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Obligations is rescinded or must otherwise be returned by the Secured Creditor upon the insolvency, bankruptcy or reorganization of the Company or otherwise, all as though the payment had not been made.

Section 3.12 Supplemental Security.

This Guarantee is in addition and without prejudice to and supplemental to all other guarantees, indemnities, obligations and security now held or which may hereafter be held by the Secured Creditor.

Section 3.13 Security for Guarantee.

The Guarantor acknowledges that the payment and performance of the Obligations and the other obligations of the Guarantor under this Guarantee are secured pursuant to the terms and provisions of the Guarantor Security Documents.

Section 3.14 Right of Set-off.

Upon the occurrence and during the continuance of any Event of Default, the Secured Creditor is authorized by the Guarantor at any time and from time to time and may, to the fullest extent permitted by law, set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by the Secured Creditor to or for the credit or the account of the Guarantor against any and all of the obligations of the Guarantor now or hereafter existing irrespective of whether or not (i) the Secured Creditor has made any demand under this Guarantee, or (ii) any of the obligations comprising the Obligations are contingent or unmatured. The rights of the Secured Creditor under this Section 3.14 are in addition and without prejudice to and supplemental to other rights and remedies which the Secured Creditor may have.

Section 3.15 Interest Act (Canada).

The Guarantor acknowledges that certain of the rates of interest applicable to the Obligations may be computed on the basis of a year of 360 days or 365 days, as the case may be and paid for the actual number of days elapsed. For purposes of the *Interest Act* (Canada), whenever any interest is calculated using a rate based on a year of 360 days or 365 days, as the case may be, such rate determined pursuant to such calculation, when expressed as an annual rate is equivalent to (i) the applicable rate based on a year of 360 days or 365 days, as the case may be, (ii) multiplied by the actual number of days in the calendar year in which the period for such interest is payable (or compounded) ends, and (iii) divided by 360 or 365, as the case may be.

Section 3.16 Taxes.

- (1) All payments to the Secured Creditor by the Guarantor under this Guarantee or under any of the Guarantor Security Documents will be made free and clear of and without deduction or withholding for any and all Taxes, unless such Taxes are required by applicable law to be deducted or withheld. If the Guarantor is required by applicable law to deduct or withhold any such Taxes from or in respect of any amount payable under this Guarantee or under any of the Guarantor Security Documents (i) the amount payable shall be increased (and for greater certainty, in the case of interest, the amount of interest shall be increased) as may be necessary so that after making all required deductions or withholdings (including deductions or withholdings applicable to any additional amounts paid under this Section 3.16), the Secured Creditor receives an amount equal to the amount it would have received if no such deduction or withholding had been made, (ii) the Guarantor will make such deductions or withholdings, and (iii) the Guarantor will immediately pay the full amount deducted or withheld to the relevant Governmental Entity in accordance with applicable law.
- (2) The Guarantor agrees to immediately pay any Other Taxes.
- (3) The Guarantor will indemnify the Secured Creditor for the full amount of Taxes and Other Taxes (including, without limitation, any Taxes or Other Taxes imposed by any jurisdiction on amounts payable by the Guarantor under this Section 3.16) paid by the Secured Creditor and any liability (including penalties, interest and expenses) arising from or with respect to such Taxes and Other Taxes, whether or not they were correctly or legally asserted. Payment under this indemnification will be made within 30 days from the date the Secured Creditor makes written demand for it. A certificate as to the amount of such Taxes and Other Taxes submitted to the Guarantor by the Secured Creditor is conclusive evidence, absent manifest error, of the amount due from the Guarantor to the Secured Creditor.
- (4) The Guarantor will furnish to the Secured Creditor the original or a certified copy of a receipt evidencing payment of any Taxes or Other Taxes made by the Guarantor within 30 days after the date of any payment of such Taxes or Other Taxes.
- (5) The provisions of this Section 3.16 survive the termination of this Guarantee.

Section 3.17 Judgment Currency.

- (1) If for the purposes of obtaining judgment in any court it is necessary to convert all or any part of the Obligations or any other amount due to the Secured Creditor in respect of the Guarantor's obligations under this Guarantee in any currency (the "**Original Currency**") into another currency (the "**Other Currency**"), the Guarantor, to the fullest extent that it may effectively do so, agrees that the rate of exchange used shall be that at which, in accordance with normal banking procedures, the Secured Creditor could purchase the Original Currency with the Other Currency on the Business Day preceding that on which final judgment is paid or satisfied.
- (2) The obligations of the Guarantor in respect of any sum due in the Original Currency from it to the Secured Creditor shall, notwithstanding any judgment in any Other Currency, be discharged only to the extent that on the Business Day following receipt by the Secured Creditor, of any sum adjudged to be so due in such Other Currency the Secured Creditor may, in accordance with its normal banking procedures, purchase the Original Currency with such Other Currency. If the amount of the Original Currency so purchased is less than the sum originally due to the Secured Creditor in the Original Currency, the Guarantor agrees, as a separate obligation and notwithstanding any such judgment, to indemnify the Secured Creditor against such loss, and if the amount of the Original Currency so purchased exceeds the sum originally due to the Secured Creditor in the Original Currency, the Secured Creditor agrees to remit such excess to the Guarantor.

**ARTICLE 4
REPRESENTATIONS AND WARRANTIES**

Section 4.1 General.

The Guarantor represents and warrants, acknowledging and confirming that the Secured Creditor is relying on such representations and warranties, that:

- (a) **Creation, Existence, Power and Capacity.** The Guarantor is a valid and subsisting company under the laws of its jurisdiction of existence and has all necessary power and capacity to own its properties and assets and carry on its business and to enter into and perform its obligations under this Guarantee.
- (b) **Valid Authorization and Enforceability.** The Guarantor has taken all necessary action to authorize the execution and delivery of, and performance of its obligations under, this Guarantee and this Guarantee has been duly executed and delivered. This Guarantee constitutes legal, valid and binding obligations of the Guarantor enforceable against it in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors rights generally and the discretion exercisable by courts of competent jurisdiction in respect of the availability of equitable remedies and general equitable principles.

- (c) **Non-Conflict.** The execution or delivery by the Guarantor of, and the performance of its obligations under, this Guarantee: (i) does not and will not require any shareholder consent or approval which has not been obtained, (ii) does not and will not violate, breach or conflict with or constitute a default under any provision of its constating documents or any applicable law and (iii) does not and will not violate, contravene, breach or constitute a default under any material agreement or undertaking to which it is a party or by which it or any of its properties is bound or affected.

ARTICLE 5 GENERAL

Section 5.1 Notices, etc.

Any notice, direction or other communication (each a "Notice") given regarding the matters contemplated by this Guarantee must be in writing, sent by personal delivery, courier or facsimile (but not by electronic mail) and addressed:

- (a) to the Guarantor at:

c/o James E. Wagner Cultivation Corporation
530 Trillium Drive
Kitchener, ON N2R 1J4
Canada

Attention: Nathan Woodworth
Phone: (519) 594-0144 x 421

with a copy to:

DLA Piper (Canada) LLP
100 King St W Suite 6000,
Toronto, ON M5X 1E2
Canada

Attention: Russel Drew
Phone: 416-369-5260

- (b) to the Secured Creditor at:

444 Madison Avenue, 41st Floor
New York, NY
10022 USA

Attention: Jeff Easton
Telephone: +1 646 395 3931

A Notice is deemed to be delivered and received (i) if sent by personal delivery, on the date of delivery if it is a Business Day and the delivery was made prior to 4:00 p.m. (local time in place of receipt) and otherwise on the next Business Day, (ii) if sent by same-day service courier, on the date of delivery if sent on a Business Day and delivery was made prior to 4:00 p.m. (local time in place of receipt) and otherwise on the next Business Day, or (iii) if sent by overnight courier, on the next Business Day. A party may change its address for service from time to time by providing a Notice in accordance with the foregoing. Any subsequent Notice must be sent to the party at its changed address. Any element of a party's address that is not specifically changed in a Notice will be assumed not to be changed.

Section 5.2 No Merger, Survival of Representations and Warranties.

The representations, warranties and covenants of the Guarantor in this Guarantee survive the execution and delivery of this Guarantee and each advance under the Convertible Security Funding Agreement. Notwithstanding any investigation made by or on behalf of the Secured Creditor, the representations, warranties and covenants in this Guarantee continue in full force and effect.

Section 5.3 Further Assurances.

- (1) The Guarantor will do all acts and things and execute and deliver, or cause to be executed and delivered, all documents and instruments that the Secured Creditor may reasonably request to give full effect to this Guarantee and to perfect and preserve the rights and powers of the Secured Creditor under this Guarantee, including any acknowledgements and confirmations of this Guarantee and the Guarantor Security Documents.
- (2) The Guarantor acknowledges and confirms that the Guarantor itself has established its own adequate means of obtaining from the Company on a continuing basis all information desired by the Guarantor concerning the financial condition of the Company and that the Guarantor will look to the Company and not to the Secured Creditor, in order for the Guarantor to keep adequately informed of changes in the Company's financial condition.

Section 5.4 Successors and Assigns.

This Guarantee is binding upon the Guarantor, its successors and assigns, and enures to the benefit of the Secured Creditor and its successors and assigns. This Guarantee may be assigned by the Secured Creditor without the consent of, or notice to, the Guarantor, to such Person as the Secured Creditor may determine and, in such event, such Person will be entitled to all of the rights and remedies of the Secured Creditor as set forth in this Guarantee or otherwise. In any action brought by an assignee to enforce any such right or remedy, the Guarantor will not assert against the assignee any claim or defence which the Guarantor now has or may have against the Secured Creditor. The Guarantor may not assign, transfer or delegate any of its rights or obligations under this Guarantee without the prior written consent of the Secured Creditor which may be unreasonably withheld.

Section 5.5 Amendment.

This Guarantee may only be amended, supplemented or otherwise modified by written agreement executed by the Secured Creditor and the Guarantor.

Section 5.6 Waivers, etc.

- (1) No consent or waiver by the Secured Creditor in respect of this Guarantee is binding unless made in writing and signed by an authorized officer of the Secured Creditor. Any consent or waiver given under this Guarantee is effective only in the specific instance and for the specific purpose for which given. No waiver of any of the provisions of this Guarantee constitutes a waiver of any other provision.
- (2) A failure or delay on the part of the Secured Creditor in exercising a right under this Guarantee does not operate as a waiver of, or impair, any right of the Secured Creditor however arising. A single or partial exercise of a right on the part of the Secured Creditor does not preclude any other or further exercise of that right or the exercise of any other right by the Secured Creditor.

Section 5.7 Severability.

If any court of competent jurisdiction from which no appeal exists or is taken, determines that any provision of this Guarantee is illegal, invalid or unenforceable, that provision will be severed from this Guarantee and the remaining provisions will remain in full force and effect.

Section 5.8 Application of Proceeds.

All monies collected by the Secured Creditor under this Guarantee will be applied as provided in the Convertible Security Funding Agreement. To the extent any other Credit Document requires proceeds of collateral under such Credit Document to be applied in accordance with the provisions of this Guarantee, the Secured Creditor or holder under such other Credit Document shall apply such proceeds in accordance with this Section.

Section 5.9 Governing Law.

- (1) This Guarantee will be governed by, interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.
- (2) The Guarantor irrevocably attorns and submits to the exclusive jurisdiction of any court of competent jurisdiction of the Province of Ontario sitting in Toronto in any action or proceeding arising out of or relating to this Guarantee and the other Credit Documents to which it is a party. The Guarantor irrevocably waives objection to the venue of any action or proceeding in such court or that such court provides an inconvenient forum. Nothing in this Section limits the right of the Secured Creditor to bring proceedings against the Guarantor in the courts of any other jurisdiction.

IN WITNESS WHEREOF the Guarantor has executed this Guarantee.

**JAMES E. WAGNER CULTIVATION
LTD.**

By: *Nathan Woodworth*
6832A3268973407B0525AE86C621B68C contractworks

Authorized Signing Officer

This is Exhibit **“R”** *referred to in the*
affidavit of Nathan Woodworth
sworn before me, this 31st
day of March, 2020

.....
A COMMISSIONER FOR TAKING AFFIDAVITS

SECURITY AGREEMENT

Security agreement dated as of March ____, 2020 made by each of James E. Wagner Cultivation Corporation ("JWC"), James E. Wagner Cultivation Ltd. and GrowthStorm Inc. (collectively, the "Obligors" and each, an "Obligor") to and in favour of Lind Global Macro Fund, LP (the "Secured Creditor").

RECITALS:

- (a) The Secured Creditor has agreed to invest C\$1,200,000 in JWC, and JWC has agreed to issue a convertible security to the Secured Creditor in accordance with the terms of the Convertible Security Funding Agreement.
- (b) The Guarantors have guaranteed the obligations of JWC under the Convertible Security Funding Agreement pursuant to the Guarantees.
- (c) It is a condition precedent to the continuing extension of credit under the Convertible Security Funding Agreement and the provisions of the Guarantees that each Obligor execute and deliver this Agreement.

In consideration of the foregoing and other good and valuable consideration, the receipt and adequacy of which are acknowledged, each Obligor agrees as follows:

ARTICLE 1 INTERPRETATION

Section 1.1 Defined Terms.

As used in this Agreement, the following terms have the following meanings:

"Agreement" means this security agreement.

"Collateral" has the meaning specified in Section 2.1.

"Convertible Security Funding Agreement" means the Convertible Security Funding Agreement dated as of March ____, 2020, between JWC and the Secured Creditor, as the same may be amended, modified, extended, renewed, replaced, restated, supplemented or refinanced from time to time and includes any agreement extending the maturity of, refinancing or restructuring all or any portion of, the indebtedness under such agreement or any successor agreements, whether or not with the same Secured Creditor.

"Credit Documents" means the Convertible Security Funding Agreement, the Guarantees and any other guarantees and Security Documents from time to time delivered in connection therewith.

"December 2019 CSFA" means the convertible security funding agreement between the JWC and the Secured Creditor dated December 29, 2019.

"Expenses" has the meaning specified in Section 2.2(b).

"Guarantees" means, together, and "Guarantee" means one of, the guarantees dated March ____, 2020 of the Guarantors in favor of the Secured Creditor.

"Guarantors" means, together, and "Guarantor" means one of, James E. Wagner Cultivation Ltd. and GrowthStorm Inc.

"Lien" has the meaning specified in the Convertible Security Funding Agreement.

"Permitted Encumbrances" means:

- (a) Liens granted to the Secured Creditor;
- (b) 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;
- (c) 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);
- (d) 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);
- (e) 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 JWC or other Obligor;
- (f) 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;
- (g) mortgages on real property in connection with the "affiliate" program carried on by JWC and the other Obligors, pursuant to which program, among other things, JWC 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 JWC from time to time, provided that such mortgage
 - (i) is on real property acquired by JWC or other Obligors after the date hereof, (ii) has

no recourse to any other Collateral, and (iii) is on market terms for mortgage similar in size and nature; or

(h) Liens consented to by the Secured Creditor in writing.

"**Restricted Asset**" has the meaning specified in Section 2.4(1).

"**Secured Creditor**" means Lind Global Macro Fund, LP and its successors and permitted assigns.

"**Secured Obligations**" has the meaning specified in Section 2.2(a).

"**Securities**" means "security" as defined in the STA.

"**Security Documents**" means all security documents (including without limitation this Agreement and the Guarantees) from time to time delivered in connection with the Convertible Security Funding Agreement.

"**Security Interest**" has the meaning specified in Section 2.2.

"**ULC**" means an unlimited company, an unlimited liability company or an unlimited liability corporation incorporated pursuant to or otherwise governed by the laws of any of the provinces of Canada.

"**ULC Shares**" means shares at any time owned or otherwise held by any Obligor in any ULC.

Section 1.2 Interpretation.

- (1) Capitalized terms used in this Agreement but not defined have the meanings given to them in the Convertible Security Funding Agreement.
- (2) Terms defined in the *Personal Property Security Act* (Ontario) ("**PPSA**") or the regulations thereunder, or the *Securities Transfer Act, 2006* (Ontario) ("**STA**"), and used but not otherwise defined in this Agreement have the same meanings.
- (3) Any reference in any Credit Document to Liens permitted by the Convertible Security Funding Agreement or Guarantees and any right of an Obligor to create or suffer to exist Liens permitted by the Convertible Security Funding Agreement or Guarantees are not intended to and do not and will not subordinate the Security Interest to any such Lien or give priority to any Person over the Secured Creditor.
- (4) In this Agreement the words "**including**", "**includes**" and "**include**" mean "**including (or includes or include) without limitation**". The expressions "**Article**", "**Section**" and other subdivision followed by a number mean and refer to the specified Article, Section or other subdivision of this Agreement.
- (5) Any reference in this Agreement to gender includes all genders. Words importing the singular only include the plural and vice versa.

- (6) The division of this Agreement into Articles, Sections and other subdivisions and the insertion of headings are for convenient reference only and do not affect its interpretation.
- (7) Any schedules attached to this Agreement form an integral part of it for all purposes.
- (8) Except as otherwise provided in this Agreement, any reference to this Agreement, any Credit Document or any Security Document refers to this Agreement or such Credit Document or Security Document as the same may have been or may from time to time be amended, modified, extended, renewed, restated, replaced or supplemented and includes all schedules attached to it.
- (9) Except as otherwise provided in this Agreement, any reference in this Agreement to a statute refers to such statute and all rules and regulations made under it as the same may have been or may from time to time be amended or re-enacted.
- (10) Except as otherwise provided in this Agreement, any reference to a corporation includes its successors.

ARTICLE 2 SECURITY

Section 2.1 Grant of Security.

Subject to Section 2.4, each Obligor grants to the Secured Creditor a security interest in, and assigns, mortgages, charges, hypothecates and pledges to the Secured Creditor, all of its personal property and undertaking now owned or hereafter acquired and all of the personal property in which it now has or hereafter acquires any interest (collectively, the "Collateral"), including all of its present and after-acquired personal property, including all its present and after-acquired goods (including equipment and inventory), intangibles (including accounts, contract rights and intellectual property), investment property (including Securities), instruments, documents of title, chattel paper and money.

Section 2.2 Secured Obligations.

The security interest, assignment, mortgage, charge (fixed and floating), hypothecation and pledge granted by this Agreement (collectively, the "Security Interest") secures the payment and performance by each Obligor of:

- (a) all debts, liabilities and obligations, present or future, direct or indirect, absolute or contingent, matured or unmatured, at any time or from time to time due or accruing due and owing by or otherwise payable by such Obligor to the Secured Creditor, in any currency, under, in connection with or pursuant to the Convertible Security Funding Agreement or any other Credit Document to which any Obligor is a party (collectively, and together with the Expenses, the "Secured Obligations"); and
- (b) all expenses, costs and charges incurred by or on behalf of the Secured Creditor in connection with this Agreement, the Security Interest or the Collateral

regarding such Obligor or its Collateral, including all legal fees, court costs, receiver's or agent's remuneration and other expenses of taking possession of, repairing, protecting, insuring, preparing for disposition, realizing, collecting, selling, transferring, delivering or obtaining payment for the Collateral, and of taking, defending or participating in any action or proceeding in connection with any of the foregoing matters or otherwise in connection with the Secured Creditor's interest in any Collateral, whether or not directly relating to the enforcement of this Agreement or any other Credit Document (collectively, the "Expenses").

Section 2.3 Attachment and Perfection.

- (1) Each Obligor acknowledges that (i) value has been given, (ii) it has rights in the applicable Collateral or the power to transfer rights in the applicable Collateral to the Secured Creditor (other than after-acquired Collateral), (iii) it has not agreed to postpone the time of attachment of the Security Interest, and (iv) it has received a copy of this Agreement.
- (2) At the request of the Secured Creditor, each Obligor will take all action that the Secured Creditor deems advisable to cause the Secured Creditor to have control over any Securities or other investment property that are now or at any time become Collateral, including (i) causing the Collateral to be transferred to or registered in the name of the Secured Creditor or its nominee or otherwise as the Secured Creditor may direct, (ii) endorsing any certificated Securities that are Collateral to the Secured Creditor or in blank by an effective endorsement, (iii) delivering the Collateral to the Secured Creditor or someone on its behalf as the Secured Creditor may direct, (iv) delivering to the Secured Creditor any and all consents or other documents or agreements which may be necessary to effect the transfer of any Collateral to the Secured Creditor or any third party and (v) entering into control agreements with the Secured Creditor and the applicable securities intermediary or issuer in respect of any Collateral in form and substance satisfactory to the Secured Creditor.
- (3) At the request of the Secured Creditor, each Obligor will (i) deliver to and deposit with the Secured Creditor any promissory note or other instruments that are Collateral evidencing any amount payable in excess of \$100,000 or evidencing any rights to goods having a value in excess of \$100,000, (ii) cause the transfer of any such instruments to the Secured Creditor to be registered wherever such registration may be required or advisable in the opinion of the Secured Creditor, (iii) endorse any such instruments to the Secured Creditor or in blank or register them in the name of the Secured Creditor or its nominee or otherwise as the Secured Creditor may direct and (iv) deliver to the Secured Creditor any and all consents or other documents that may be necessary to effect the transfer of any such instruments to the Secured Creditor or any third party.

Section 2.4 Scope of Security Interest.

- (1) To the extent that (but only for so long as) the grant of an assignment of or a security interest in, or an assignment of amounts payable and other proceeds arising under or in connection with, (i) any agreement, lease, licence, permit or quota of an Obligor

would result in a breach or termination of such agreement, lease, licence, permit or quota, or (ii) any Securities of an Obligor would result in such Obligor being in breach of any shareholders agreement or similar agreement relating to such Security, (each, a "Restricted Asset"), the Security Interest provided for with respect to such Restricted Asset will instead be a trust created in favour of the Secured Creditor, pursuant to which such Obligor holds as trustee all proceeds arising under or in connection with the Restricted Asset in trust for the Secured Creditor on the following basis:

- (a) subject to the Convertible Security Funding Agreement, unless the Security Interest has become and continues to be enforceable each Obligor is entitled to receive all such proceeds; and
- (b) whenever the Security Interest has become and continues to be enforceable, (i) all rights of an Obligor to receive such proceeds cease and all such proceeds will be immediately paid over to the Secured Creditor, and (ii) each Obligor will take all actions requested by the Secured Creditor to collect and enforce payment and other rights arising under the Restricted Asset;

and pursuant to which such Obligor will not be permitted to amend, terminate or dispose of its interest in the Restricted Asset (including by way of Lien) except as the Secured Creditor may direct in writing; PROVIDED THAT, at any time when the Security Interest has become and continues to be enforceable, the Secured Creditor may, by notice in writing to such Obligor, elect that this Section shall no longer apply with respect to some or all of the Restricted Assets.

- (2) The Security Interest with respect to trade-marks constitutes a security interest in, and a charge, hypothecation and pledge of, such Collateral in favour of the Secured Creditor, but does not constitute an assignment or mortgage of such Collateral to the Secured Creditor.
- (3) The Security Interest does not extend to consumer goods or the last day of any lease.

Section 2.5 Care and Custody of Collateral.

- (1) The Secured Creditor has no obligation to keep fungible Collateral in its possession identifiable.
- (2) Without limiting any other rights or remedies under this Agreement, the Secured Creditor may, at any time when the Security Interest has become and continues to be enforceable, (i) notify any Person obligated on an instrument, security, account, chattel paper or other monetary obligation to make payments to the Secured Creditor, whether or not an Obligor was previously making collections on such instrument, security, account, chattel paper or other monetary obligation, and (ii) assume control of any proceeds arising from the Collateral.
- (3) The Secured Creditor has no obligation to collect dividends, distributions or interest payable on, or exercise any option or right in connection with, any Collateral. The Secured Creditor has no obligation to protect or preserve any Collateral from depreciating in value or becoming worthless and is released from all responsibility for

any loss of value, whether such Collateral is in the possession of, is a security entitlement of, or is subject to the control of, the Secured Creditor, a securities intermediary, an Obligor or any other Person. In the physical keeping of any Securities that are Collateral, the Secured Creditor is only obliged to exercise the same degree of care as it would exercise with respect to its own Securities kept at the same place.

- (4) The Secured Creditor may, at any time when the Security Interest has become and continues to be enforceable, sell, transfer, use or otherwise deal with any investment property included in the Collateral over which the Secured Creditor has control, on such conditions and in such manner as the Secured Creditor in its sole discretion may determine.

Section 2.6 Rights of the Obligors.

- (1) Subject to Section 3.10, unless the Security Interest has become and continues to be enforceable, each Obligor is entitled to vote the Securities and other financial assets that are part of the Collateral and to receive all dividends and distributions on such Securities and financial assets. Subject to Section 3.10, if the Security Interest has become and continues to be enforceable, all rights of each Obligor to vote (under any proxy given by the Secured Creditor (or its nominee) or otherwise) or to receive distributions or dividends cease and all such rights become vested solely and absolutely in the Secured Creditor.
- (2) Any distributions or dividends received by an Obligor contrary to Section 2.6(1) or any other moneys or property received by each Obligor after the Security Interest has become and continues to be enforceable will be received as trustee for the Secured Creditor and shall be immediately paid over to the Secured Creditor.

Section 2.7 Expenses.

Each Obligor is liable for and will pay on demand by the Secured Creditor any and all Expenses.

ARTICLE 3 ENFORCEMENT

Section 3.1 Enforcement.

The Security Interest will become enforceable upon the occurrence and during the continuation of any "Event of Default" as defined in the Convertible Security Funding Agreement (and, for greater certainty, it is acknowledged that the Security Interest attaches as of the date of this Agreement with respect to all of the Collateral in which each Obligor currently has rights).

Section 3.2 Remedies.

Whenever the Security Interest has become and continues to be enforceable, the Secured Creditor may realize upon the Collateral and enforce the rights of the Secured Creditor by:

- (a) entry onto any premises where Collateral consisting of tangible personal property may be located;
- (b) entry into possession of the Collateral by any method permitted by law;
- (c) sale, grant of options to purchase, or lease of all or any part of the Collateral;
- (d) holding, storing and keeping idle or operating all or any part of the Collateral;
- (e) exercising and enforcing all rights and remedies of a holder of the Collateral as if the Secured Creditor were the absolute owner thereof (including, if necessary, causing the Collateral to be registered in the name of the Secured Creditor or its nominee if not already done);
- (f) collection of any proceeds arising in respect of the Collateral;
- (g) collection, realization or sale of, or other dealing with, accounts or other monetary obligations of any third party to any Obligor;
- (h) license or sublicense, whether on an exclusive or nonexclusive basis, of any intellectual property for such term and on such conditions and in such manner as the Secured Creditor in its sole judgment determines (taking into account such provisions as may be necessary to protect and preserve such intellectual property);
- (i) instruction or order to any issuer or securities intermediary pursuant to any control the Secured Creditor has over the Collateral;
- (j) instruction to any bank to transfer all moneys constituting Collateral held by such bank to an account maintained with or by the Secured Creditor;
- (k) application of any moneys constituting Collateral or proceeds thereof in accordance with Section 5.11;
- (l) appointment by instrument in writing of a receiver (which term as used in this Agreement includes a receiver and manager) or agent of all or any part of the Collateral and removal or replacement from time to time of any receiver or agent;
- (m) institution of proceedings in any court of competent jurisdiction for the appointment of a receiver of all or any part of the Collateral;
- (n) institution of proceedings in any court of competent jurisdiction for sale or foreclosure of all or any part of the Collateral;
- (o) filing of proofs of claim and other documents to establish claims to the Collateral in any proceeding relating to an Obligor; and

- (p) any other remedy or proceeding authorized or permitted under the PPSA or otherwise by law or equity.

Section 3.3 Additional Rights.

In addition to the remedies set forth in Section 3.2 and elsewhere in this Agreement, whenever the Security Interest has become and continues to be enforceable, the Secured Creditor may:

- (a) require an Obligor, at such Obligor's expense, to assemble the Collateral to the extent reasonably practicable at a place or places designated by notice in writing and each Obligor agrees to so assemble the Collateral immediately upon receipt of such notice;
- (b) require an Obligor, by notice in writing, to disclose to the Secured Creditor the location or locations of the Collateral and each Obligor agrees to promptly make such disclosure when so required;
- (c) 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;
- (d) redeem any prior security interest against any Collateral, procure the transfer of such security interest to itself, or settle and pass the accounts of the prior mortgagee, chargee or Lien-holder (any accounts to be conclusive and binding on each Obligor);
- (e) pay any liability secured by any Lien against any Collateral (each Obligor will immediately on demand reimburse the Secured Creditor for all such payments);
- (f) carry on all or any part of the business of an Obligor and, to the exclusion of all others including each Obligor, enter upon, occupy and use all or any of the premises, buildings, and other property of or used by an Obligor for such time as the Secured Creditor sees fit, free of charge, and the Secured Creditor is not liable to any Obligor for any act, omission or negligence (other than their own gross negligence or wilful misconduct) in so doing or for any rent, charges, depreciation or damages incurred in connection with or resulting from such action;
- (g) borrow for the purpose of carrying on the business of an Obligor or for the maintenance, preservation or protection of the Collateral and grant a security interest in the Collateral, whether or not in priority to the Security Interest, to secure repayment;
- (h) commence, continue or defend any judicial or administrative proceedings for the purpose of protecting, seizing, collecting, realizing or obtaining possession or payment of the Collateral, and give good and valid receipts and discharges in respect of the Collateral and compromise or give time for the payment or

performance of all or any part of the accounts or other monetary obligations of any third party to any Obligor; and

- (i) at any public sale, and to the extent permitted by law on any private sale, bid for and purchase any or all of the Collateral offered for sale and upon compliance with the terms of such sale, hold, retain and dispose of such Collateral without any further accountability to any Obligor or any other Person with respect to such holding, retention or disposition, except as required by law. In any such sale to the Secured Creditor, the Secured Creditor may, for the purpose of making payment for all or any part of the Collateral so purchased, use any claim for Secured Obligations then due and payable to it as a credit against the purchase price.

Section 3.4 Exercise of Remedies.

The remedies under Section 3.2 and Section 3.3 may be exercised from time to time separately or in combination and are in addition to, and not in substitution for, any other rights of the Secured Creditor however arising or created. The Secured Creditor is not bound to exercise any right or remedy, and the exercise of rights and remedies is without prejudice to the rights of the Secured Creditor in respect of the Secured Obligations including the right to claim for any deficiency.

Section 3.5 Receiver's Powers.

- (1) Any receiver appointed by the Secured Creditor is vested with the rights and remedies which could have been exercised by the Secured Creditor in respect of an Obligor or the Collateral and such other powers and discretions as are granted in the instrument of appointment and any supplemental instruments. The identity of the receiver, its replacement and its remuneration are within the sole and unfettered discretion of the Secured Creditor.
- (2) Any receiver appointed by the Secured Creditor will act as agent for the Secured Creditor for the purposes of taking possession of the Collateral, but otherwise and for all other purposes (except as provided below), as agent for each Obligor. The receiver may sell, lease, or otherwise dispose of Collateral as agent for each Obligor or as agent for the Secured Creditor as the Secured Creditor may determine in its discretion. Each Obligor agrees to ratify and confirm all actions of the receiver acting as agent for such Obligor, and to release and indemnify the receiver in respect of all such actions.
- (3) The Secured Creditor, in appointing or refraining from appointing any receiver, does not incur liability to the receiver, any Obligor or otherwise and is not responsible for any misconduct or negligence of such receiver.

Section 3.6 Appointment of Attorney.

Effective whenever the Security Interest has become and continues to be enforceable, each Obligor hereby irrevocably constitutes and appoints the Secured Creditor (and any officer of the Secured Creditor) the true and lawful attorney of such Obligor. As the attorney of each Obligor, the Secured Creditor has the power to exercise for and in the name of such Obligor with full power of substitution, whenever the Security Interest has become and

continues to be enforceable, any of such Obligor's right (including the right of disposal), title and interest in and to the Collateral including the execution, endorsement, delivery and transfer of the Collateral to the Secured Creditor, its nominees or transferees, and the Secured Creditor and its nominees or transferees are hereby empowered to exercise all rights and powers and to perform all acts of ownership with respect to the Collateral to the same extent as such Obligor might do. This power of attorney is irrevocable, is coupled with an interest, has been given for valuable consideration (the receipt and adequacy of which is acknowledged) and survives, and does not terminate upon, the bankruptcy, dissolution, winding up or insolvency of any Obligor. This power of attorney extends to and is binding upon each Obligor's successors and permitted assigns. Each Obligor authorizes the Secured Creditor to delegate in writing to another Person any power and authority of the Secured Creditor under this power of attorney as may be necessary or desirable in the opinion of the Secured Creditor, and to revoke or suspend such delegation.

Section 3.7 Dealing with the Collateral.

- (1) The Secured Creditor is not obliged to exhaust its recourse against any Obligor or any other Person or against any other security it may hold in respect of the Secured Obligations before realizing upon or otherwise dealing with the Collateral in such manner as the Secured Creditor may consider desirable.
- (2) The Secured Creditor may grant extensions or other indulgences, take and give up securities (which term, as used in this section, has its general legal meaning and includes, without limitation, guarantees and Liens), accept compositions, grant releases and discharges and otherwise deal with any Obligor and with other Persons, sureties or securities as it may see fit without prejudice to the Secured Obligations, the liability of any Obligor or the rights of the Secured Creditor in respect of the Collateral.
- (3) Except as otherwise provided by law or this Agreement, the Secured Creditor is not (i) liable or accountable for any failure to collect, realize or obtain payment in respect of the Collateral, (ii) bound to institute proceedings for the purpose of collecting, enforcing, realizing or obtaining payment of the Collateral or for the purpose of preserving any rights of any Persons in respect of the Collateral, (iii) responsible for any loss occasioned by any sale or other dealing with the Collateral or by the retention of or failure to sell or otherwise deal with the Collateral, or (iv) bound to protect the Collateral from depreciating in value or becoming worthless.

Section 3.8 Standards of Sale.

Without prejudice to the ability of the Secured Creditor to dispose of the Collateral in any manner which is commercially reasonable, each Obligor acknowledges that:

- (a) the Collateral may be disposed of in whole or in part;
- (b) the Collateral may be disposed of by public auction, public tender or private contract, with or without advertising and without any other formality;
- (c) any assignee of such Collateral may be the Secured Creditor or a customer of any such Person;

- (d) any sale conducted by the Secured Creditor will be at such time and place, on such notice and in accordance with such procedures as the Secured Creditor, in its sole discretion, may deem advantageous;
- (e) the Collateral may be disposed of in any manner and on any terms necessary to avoid violation of applicable law (including compliance with such procedures as may restrict the number of prospective bidders and purchasers, require that the prospective bidders and purchasers have certain qualifications, and restrict the 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 the Collateral) or in order to obtain any required approval of the disposition (or of the resulting purchase) by any governmental or regulatory authority or official;
- (f) a disposition of the Collateral may be on such terms and conditions as to credit or otherwise as the Secured Creditor, in its sole discretion, may deem advantageous; and
- (g) the Secured Creditor may establish an upset or reserve bid or price in respect of the Collateral.

Section 3.9 Dealings by Third Parties.

- (1) No Person dealing with the Secured Creditor or an agent or receiver is required to determine (i) whether the Security Interest has become or continues to be enforceable, (ii) whether the powers which such Person is purporting to exercise have become exercisable, (iii) whether any money remains due to the Secured Creditor by the Obligor, (iv) the necessity or expediency of the stipulations and conditions subject to which any sale or lease is made, (v) the propriety or regularity of any sale or other dealing by the Secured Creditor with the Collateral, or (vi) how any money paid to the Secured Creditor has been applied.
- (2) Any bona fide purchaser of all or any part of the Collateral from the Secured Creditor or any receiver or agent will hold the Collateral absolutely, free from any claim or right of whatever kind, including any equity of redemption, of an Obligor, which it specifically waives (to the fullest extent permitted by law) as against any such purchaser together with all rights of redemption, stay or appraisal which such Obligor has or may have under any rule of law or statute now existing or hereafter adopted.

Section 3.10 ULC Shares.

- (1) Notwithstanding anything else contained in this Agreement or any other document or agreement among all or some of the parties hereto, the relevant Obligor is the sole registered and beneficial owner of all Collateral that is ULC Shares and will remain so until such time as such ULC Shares are effectively transferred into the name of the Secured Creditor or any nominee of the Secured Creditor or any other Person on the books and records of such ULC. Accordingly, the Obligor shall be entitled to receive and retain for its own account any dividend on or other distribution, if any, in respect

of ULC Shares that are Collateral and shall have the right to vote such ULC Shares and to control the direction, management and policies of any ULC to the same extent as the Obligor would if such ULC Shares were not pledged to the Secured Creditor, for the benefit of the Secured Creditors, pursuant hereto. Nothing in this Agreement or any other document or agreement among all or some of the parties hereto is intended to, and nothing in this Agreement or any other document or agreement among all or some of the parties hereto shall, constitute the Secured Creditor or any Person other than the Obligor, a member of any ULC for the purposes of the *Companies Act* (Nova Scotia), the *Business Corporations Act* (British Columbia), the *Business Corporations Act* (Alberta) or any other applicable legislation until such time as notice is given to the Obligor and all further steps are taken hereunder or thereunder so as to register the Secured Creditor or any nominee of the Secured Creditor, as specified in such notice, as the holder of shares of such ULC. To the extent any provision hereof would have the effect of constituting the Secured Creditor a member of a ULC prior to such time, such provision shall be severed herefrom and ineffective with respect to Collateral that is shares of such ULC without otherwise invalidating or rendering unenforceable this Agreement or invalidating or rendering unenforceable such provision insofar as it relates to Collateral that is not shares of such ULC.

- (2) Except upon the exercise of rights to sell or otherwise dispose of or other remedies in respect of Collateral that is ULC Shares at any time when the Security Interest has become and continues to be enforceable, the Obligor shall not cause or permit, or enable any ULC in which it holds ULC Shares that are Collateral to cause or permit, the Secured Creditor to: (a) be registered as a shareholder or member of a ULC; (b) have any notation entered in its favour in the share register of a ULC; (c) be held out as a shareholder or member of a ULC; (d) receive, directly or indirectly, any dividends, property or other distributions from a ULC by reason of the Secured Creditor holding a security interest in a ULC or ULC Shares; or (e) act as a shareholder or member of a ULC, or exercise any rights of a shareholder or member including the right to attend a meeting of, or to vote the shares of, a ULC.

ARTICLE 4 REPRESENTATIONS, WARRANTIES AND COVENANTS

Section 4.1 General.

Each Obligor represents and warrants and covenants and agrees, acknowledging and confirming that the Secured Creditor is relying on such representations, warranties, covenants and agreements, that:

- (a) **Creation, Existence, Power and Capacity.** The Obligor is a valid and subsisting company under the laws of its jurisdiction of existence and has all necessary power and capacity to own its properties and assets and carry on its business and to enter into and perform its obligations under the Credit Documents to which it is party.

- (b) **Valid Authorization and Enforceability.** The Obligor has taken all necessary action to authorize the execution and delivery of, and performance of its obligations under, all Credit Documents to which it is party and each of the Credit Documents to which it is a party have been duly executed and delivered. Each of the Credit Documents to which the Obligor is a party constitutes legal, valid and binding obligations of the Obligor enforceable against it in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors rights generally and the discretion exercisable by courts of competent jurisdiction in respect of the availability of equitable remedies and general equitable principles.
- (c) **Non-Conflict.** The execution or delivery by the Obligor of, and the performance of its obligations under, the Credit Documents to which it is a party: (i) does not require any shareholder consent or approval which has not been obtained, (ii) does not and will not violate, breach or conflict with or constitute a default under any provision of its constating documents or any applicable law and (iii) does not and will not violate, contravene, breach or constitute a default under any material agreement or undertaking to which it is a party or by which it or any of its properties is bound or affected.
- (d) **Continuous Perfection.**
- (i) Schedule A sets out the jurisdiction in which such Obligor's place of business or, if more than one, such Obligor's chief executive office (within the meaning of the PPSA) is located. The Obligor will not allow its sole place of business (if applicable) or chief executive office to be located in any other jurisdiction without providing at least 30 days' prior written notice to the Secured Creditor.
- (ii) Schedule A also sets out all jurisdictions in which Collateral is or may be located. The Obligor will not allow Collateral to be located in any other jurisdiction without providing at least 30 days' prior written notice to the Secured Creditor.
- (iii) Schedule A also sets out the Obligor's full legal name (including any French or combined English-French form). The Obligor will not at any time have, use, or carry on business under, any other name (including any French or combined English-French form) except upon giving 30 days' prior written notice to the Secured Creditor.
- (e) **Restriction on Disposition.** The Obligor will not sell, assign, convey, exchange, lease, release or abandon, or otherwise dispose of, any Collateral, except in the ordinary course of business.
- (f) **Negative Pledge.** The Obligor will not create or suffer to exist, any Lien on the Collateral, except for any Liens permitted by the Convertible Security Funding Agreement, Permitted Encumbrances, the subordination agreement

contemplated in Section 5.14, or any Liens (as defined in the December 2019 CSFA) permitted by the December 2019 CSFA.

(g) Investment Property and Instruments.

- (i) Schedule B lists all Securities and Instruments owned or held by any Obligor, and all securities accounts of the Obligors, that are Collateral on the date of this Agreement. Schedule B sets out, for each class of Securities listed in the schedule, the percentage amount that such Securities represent of all issued and outstanding Securities of that class and whether the Securities are certificated securities or uncertificated securities.
- (ii) All Securities that are Collateral have been, where applicable, duly and validly issued and acquired and are fully paid and non-assessable.
- (iii) The Obligors have delivered to the Secured Creditor copies of all shareholder, partnership or trust agreements applicable to each issuer of such Securities and Instruments which are in any Obligor's possession, and the Obligors confirm that any interest in a partnership or limited liability company that now, or at any time, forms part of the Collateral is, and will be, a "security" for the purposes of the STA.
- (iv) Other than as disclosed to the Secured Creditor in writing, no person has or will have any written or oral option, warrant, right, call, commitment, conversion right, right of exchange or other agreement or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming an option, warrant, right, call, commitment, conversion right, right of exchange or other agreement to acquire any right or interest in any of the Securities that are Collateral.
- (v) The Instruments that are Collateral constitute, where applicable, the legal, valid and binding obligation of the relevant obligor under such Instruments, enforceable in accordance with their terms, subject only to any limitation under applicable laws relating to (i) bankruptcy, insolvency, fraudulent conveyance, arrangement, reorganization or creditors' rights generally, and (ii) the discretion that a court may exercise in the granting of equitable remedies.
- (vi) The pledge, assignment, delivery to and control by the Secured Creditor of the Collateral consisting of investment property pursuant to this Agreement creates a valid and perfected first ranking security interest (subject only to Liens permitted by the Convertible Security Funding Agreement) in such Collateral and the proceeds of it. Such Collateral and the proceeds from it are not subject to any prior Lien or any agreement purporting to grant to any third party a Lien on or control of the property or assets of any Obligor which would include the Collateral. The Secured Creditor is entitled to all of the rights,

priorities and benefits afforded by the PPSA or other relevant personal property security legislation as enacted in any relevant jurisdiction to perfect security interests in respect of such Collateral.

- (vii) The Obligor does not know of any claim to or interest in any Collateral consisting of investment property, including any adverse claims, except for any claims and interests set forth in Schedule B. If any Person asserts any Lien or adverse claim against any investment property that forms part of the Collateral, the Obligor will promptly notify the Secured Creditor.
 - (viii) Each Obligor has not consented to, will not consent to, has no knowledge of, and will not suffer to exist, any Person other than the Secured Creditor having control with respect to any investment property included in the Collateral.
 - (ix) The Obligors will notify the Secured Creditor immediately upon becoming aware of any change in an "issuer's jurisdiction" in respect of any uncertificated securities that are Collateral or any change in a "securities intermediary's jurisdiction" in respect of any security entitlements, financial assets or securities accounts that are Collateral.
 - (x) The Obligors will not, after the date of this Agreement, establish and maintain any securities accounts with any securities intermediary unless (1) it gives the Secured Creditor 30 days' prior written notice of its intention to establish such new securities account, (2) such securities intermediary is reasonably acceptable to the Secured Creditor, and (3) the securities intermediary and the relevant Obligor (i) execute and deliver a control agreement with respect to such securities account that is in form and substance reasonably satisfactory to the Secured Creditor, or (ii) transfer the financial assets in such securities account into a securities account in the name of the Secured Creditor.
 - (xi) The Obligors will not have or acquire any ULC Shares without the prior written consent of the Secured Creditor (not to be unreasonably withheld).
- (h) **Additional Security Perfection and Protection of Security Interest.** The Obligor will grant to the Secured Creditor security interests, assignments, mortgages, charges, hypothecations and pledges in such Collateral that is not subject to a valid and perfected first ranking security interest (subject only to Liens permitted by the Convertible Security Funding Agreement) constituted by the Security Documents, in each relevant jurisdiction as determined by the Secured Creditor. The Obligor will perform all acts, execute and deliver all agreements, documents and instruments and take such other steps as are reasonably requested by the Secured Creditor at any time to register, file, signify, publish, perfect, maintain, protect, and enforce the Security Interest including: (i) executing, recording and filing of financing or other statements,

and paying all taxes, fees and other charges payable, (ii) placing notations on its books of account to disclose the Security Interest, (iii) delivering acknowledgements, confirmations and subordinations that may be necessary to ensure that the Security Documents constitute a valid and perfected first ranking security interest (subject only to Liens permitted by the Convertible Security Funding Agreement), (iv) executing and delivering any certificates, endorsements, instructions, agreements, documents and instruments that may be required under the STA and (v) delivering opinions of counsel in respect of matters contemplated by this paragraph. The documents and opinions contemplated by this paragraph must be in form and substance reasonably satisfactory to the Secured Creditor.

- (i) **Insurance.** With respect to insurance:
- (i) the Obligor will keep all of the Collateral that is of an insurable nature insured for full replacement value against loss or damage by fire (with extended perils coverage), theft, other risks as are customarily insured against for similar property, and such other risks as the Secured Creditor may reasonably require, and all such insurance will be with insurers acceptable to the Secured Creditor, and will show the Secured Creditor as a loss payee as its interest may appear;
 - (ii) as to JWC, it will maintain public liability insurance and directors' and officers' liability insurance in amounts and with insurers acceptable to the Secured Creditor and with the Secured Creditor shown as an additional insured;
 - (iii) the Obligor assigns to the Secured Creditor the proceeds of all insurance required hereby and upon request will do everything necessary to enable the Secured Creditor to obtain the insurance proceeds, and if any such proceeds are or become payable the Secured Creditor may apply the same on account of the Secured Obligations, whether or not then due, and the Obligor waives any statutory right to request or require the insurance proceeds to be applied in any particular manner; and
 - (iv) the Obligor will pay when due all premiums in connection with all insurance required hereby, and will provide to the Secured Creditor insurance certificates evidencing all such insurance and certified copies of the applicable policies, and will provide the Secured Creditor with evidence of renewal or replacement insurance at least 10 days before any policy expires or is terminated.

ARTICLE 5 GENERAL

Section 5.1 Notices.

Any notices, directions or other communications provided for in this Agreement must be in writing and given in accordance with the Convertible Security Funding Agreement or Guarantees, as applicable.

Section 5.2 Discharge.

The Security Interest will not be discharged except by a written release or discharge signed by the Secured Creditor. Each Obligor will be entitled to require a discharge by notice to the Secured Creditor upon, but only upon, (i) full and indefeasible payment and performance of the Secured Obligations and (ii) the Secured Creditor having no obligations to extend credit under any Credit Document. Upon discharge of the Security Interest and at the request and expense of the Obligors, the Secured Creditor will execute and deliver to the applicable Obligors on reasonable timelines such financing statements and other documents or instruments as such Obligors may reasonably require and the Secured Creditor will redeliver to such Obligor, or as such Obligors may otherwise direct the Secured Creditor, any Collateral in its possession.

Section 5.3 No Merger, Survival of Representations and Warranties.

This Agreement does not operate by way of merger of any of the Secured Obligations and no judgment recovered by the Secured Creditor will operate by way of merger of, or in any way affect, the Security Interest, which is in addition to, and not in substitution for, any other security now or hereafter held by the Secured Creditor in respect of the Secured Obligations. The representations, warranties and covenants of each Obligor in this Agreement survive the execution and delivery of this Agreement and any advances under the Convertible Security Funding Agreement. Notwithstanding any investigation made by or on behalf of the Secured Creditor, such covenants, representations and warranties continue in full force and effect.

Section 5.4 Further Assurances.

Each Obligor will do all acts and things and execute and deliver, or cause to be executed and delivered, all agreements, documents and instruments that the Secured Creditor may reasonably require and take all further steps relating to the Collateral or any other property or assets of such Obligor that the Secured Creditor may require for (i) protecting the Collateral, (ii) perfecting, preserving and protecting the Security Interest, and (iii) exercising all powers, authorities and discretions conferred upon the Secured Creditor. After the Security Interest has become and continues to be enforceable, each Obligor will do all acts and things and execute and deliver all documents and instruments that the Secured Creditor may require for facilitating the sale or other disposition of the Collateral in connection with its realization.

Section 5.5 Supplemental Security.

This Agreement is in addition to, without prejudice to and supplemental to all other security now held or which may hereafter be held by the Secured Creditor.

Section 5.6 Successors and Assigns.

This Agreement is binding on each Obligor and its successors and assigns, and enures to the benefit of the Secured Creditor and its successors and assigns. Subject to the provisions of the Convertible Security Funding Agreement, this Agreement may be assigned by the Secured Creditor without the consent of, or notice to, any Obligor, to such Person as the Secured Creditor may determine and, in such event, such Person will be entitled to all of the rights and remedies of the Secured Creditor as set forth in this Agreement or otherwise. Except as may be permitted by the Convertible Security Funding Agreement (if applicable), no Obligor may assign, transfer or delegate any of its rights or obligations under this Agreement without the prior written consent of the Secured Creditor which may be unreasonably withheld.

Section 5.7 Amalgamation.

Each Obligor acknowledges and agrees that in the event it amalgamates with any other corporation or corporations, it is the intention of the parties that, without limiting the provisions of Section 2.1 and Section 2.2 and the definition of "Secured Obligations", the Security Interest:

- (a) subject to Section 2.4, extends to: (i) all of the personal property and undertaking that any of the amalgamating corporations then owns, (ii) all of the personal property and undertaking that the amalgamated corporation thereafter acquires, (iii) all of the personal property and undertaking in which any of the amalgamating corporations then has any interest and (iv) all of the personal property and undertaking in which the amalgamated corporation thereafter acquires any interest; and
- (b) secures the payment and performance of all debts, liabilities and obligations, present or future, direct or indirect, absolute or contingent, matured or unmatured, at any time or from time to time due or accruing due and owing by or otherwise payable by each of the amalgamating corporations and the amalgamated corporation to the Secured Creditor in any currency, under, in connection with or pursuant to the Convertible Security Funding Agreement or any other Credit Document to which any of the amalgamating corporations or the amalgamated corporation is a party, and whether incurred alone or jointly with another or others and whether as principal, guarantor or surety and whether incurred prior to, at the time of or subsequent to the amalgamation.

The Security Interest attaches to the additional collateral at the time of amalgamation and to any collateral thereafter owned or acquired by the amalgamated corporation when such collateral becomes owned or is acquired. Upon any such amalgamation, the defined term "Obligors" includes, collectively, each of the amalgamating corporations and the amalgamated corporation, the defined term "Collateral" includes all of the personal property and undertaking and interests described in (a) above, and the defined term "Secured Obligations" includes all of the obligations described in (b) above.

Section 5.8 Severability.

If any court of competent jurisdiction from which no appeal exists or is taken, determines any provision of this Agreement to be illegal, invalid or unenforceable, that provision will be severed from this Agreement and the remaining provisions will remain in full force and effect.

Section 5.9 Amendment.

This Agreement may only be amended, supplemented or otherwise modified by written agreement executed by the Secured Creditor and each Obligor.

Section 5.10 Waivers, etc.

- (1) No consent or waiver by the Secured Creditor in respect of this Agreement is binding unless made in writing and signed by an authorized officer of the Secured Creditor. Any consent or waiver given under this Agreement is effective only in the specific instance and for the specific purpose for which given. No waiver of any of the provisions of this Agreement constitutes a waiver of any other provision.
- (2) A failure or delay on the part of the Secured Creditor in exercising a right under this Agreement does not operate as a waiver of, or impair, any right of the Secured Creditor however arising. A single or partial exercise of a right on the part of the Secured Creditor does not preclude any other or further exercise of that right or the exercise of any other right by the Secured Creditor.

Section 5.11 Application of Proceeds of Security.

All monies collected by the Secured Creditor upon the enforcement of the Secured Creditor's rights and remedies under the Security Documents and the Liens created by them including any sale or other disposition of the Collateral, together with all other monies received by the Secured Creditor under the Security Documents, will be applied as provided in the Convertible Security Funding Agreement. To the extent any other Credit Document requires proceeds of collateral under such Credit Document to be applied in accordance with the provisions of this Agreement, the Secured Creditor or holder under such other Credit Document shall apply such proceeds in accordance with this Section.

Section 5.12 Conflict.

In the event of any conflict or inconsistency between the provisions of this Agreement and the provisions of the Convertible Security Funding Agreement which cannot be resolved by both provisions being complied with, the provisions contained in the Convertible Security Funding Agreement will prevail to the extent of such conflict or inconsistency.

Section 5.13 Governing Law.

This Agreement will be governed by, interpreted and enforced in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable therein.

Section 5.14 Subject to Intercreditor Agreement.

This Agreement is subject to the terms and conditions of the subordination agreement, as amended, between the Secured Creditor, the Obligor, Trichome Financial Corp. and certain other parties dated January 10, 2020.

[Signature page follows]

IN WITNESS WHEREOF the Obligors have executed this Agreement as of the date first set out above.

JAMES E. WAGNER CULTIVATION CORPORATION

By: *Nathan Woodworth*
6832A3268973407B0525AE86C621B68C contractworks
Authorized Signatory

JAMES E. WAGNER CULTIVATION LTD.

By: *Nathan Woodworth*
6832A3268973407B0525AE86C621B68C contractworks
Authorized Signatory

GROWTHSTORM INC.

By: *Nathan Woodworth*
6832A3268973407B0525AE86C621B68C contractworks
Authorized Signatory

SCHEDULE A

The jurisdiction of the chief executive office and jurisdiction in which Collateral may be located for both of the Obligors is Ontario, Canada.

The Obligors' full legal names:

1. James E. Wagner Cultivation Corporation
2. James E. Wagner Cultivation Ltd.
3. GrowthStorm Inc.

**SCHEDULE B
SECURITIES, INSTRUMENTS, AND OTHER INVESTMENT PROPERTY**

SECURITIES

Schedule B lists all Securities and Instruments owned or held by any Obligor, and all securities accounts of the Obligors, that are Collateral on the date of this Agreement. Schedule B sets out, for each class of Securities listed in the schedule, the percentage amount that such Securities represent of all issued and outstanding Securities of that class and whether the Securities are certificated securities or uncertificated securities.

Securities held by James E. Wagner Cultivation Corporation

Issuer	Class of Securities	No. of Securities	% of issued Securities	Cert. No. (if Securities are Certificated)
James E. Wagner Cultivation Ltd.	Common Shares	84,508,386	100%	C-1
GrowthStorm Inc.	Common Shares	100	100%	C-1

Securities held by James E. Wagner Cultivation Ltd.

Issuer	Class of Securities	No. of Securities	% of issued Securities	Cert. No. (if Securities are Certificated)
JWC 1 Ltd.	Common Shares	100	100%	C-1
JWC 2 Ltd.	Common Shares	100	100%	C-1
JWC Supply Ltd.	Common Shares	100	100%	C-1

Securities held by GrowthStorm Inc.

Issuer	Class of Securities	No. of Securities	% of issued Securities	Cert. No. (if Securities are Certificated)
N/A	N/A	N/A	N/A	N/A

INSTRUMENTS

Section 4.1(g) The Obligor does not know of any claim to or interest in any Collateral consisting of investment property, including any adverse claims, except for any claims and interests set forth in Schedule B. If any Person asserts any Lien or adverse claim against any investment property that forms part of the Collateral, the Obligor will promptly notify the Secured Creditor.

Issuer	Type of Instrument	Original Amount/ Face Amount	Maturity Date
JWC	Amended and restated loan agreement between, among others, the Company and Trichome, dated November 6, 2019 (the "Trichome Facility"), as amended	CAD\$10,000,000	Staggered; as early as February 19, 2021
James E. Wagner Cultivation Ltd.	Guarantor under the Trichome Facility	-	-
GrowthStorm Inc.	Guarantor under the Trichome Facility	-	-
JWC	Convertible Security Funding Agreement between the Company and the Secured Creditor, dated December 29, 2019 (the "First CSFA")	CAD\$10,000,000	January 10, 2022
James E. Wagner Cultivation Ltd.	Guarantor under the First CSFA	-	-

GrowthStorm Inc.	Guarantor under the First CSFA	-	-
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JWC has granted the following security:

File No.	Registration No.	Debtor(s)	Secured Party	Collateral Class
748423161	20190219 1336 1590 0287 Reg. 3 year(s) Expires February 19, 2022	James E. Wagner Cultivation Corporation	Trichome Financial Corp.	Inventory, Equipment, Accounts, Other, Motor Vehicle
748423206	20190219 1336 1590 0288 Reg. 3 year(s) Expires February 19, 2022	James E. Wagner Cultivation Ltd.	Trichome Financial Corp.	Inventory, Equipment, Accounts, Other, Motor Vehicle
748423431	20190219 1338 1590 0292 Reg. 3 year(s) Expires February 19, 2022	GrowthStorm Inc.	Trichome Financial Corp.	Inventory, Equipment, Accounts, Other, Motor Vehicle
748423377	20190219 1338 1590 0291 Reg. 3 year(s) Expires February 19, 2022	JWC Supply Ltd.	Trichome Financial Corp.	Inventory, Equipment, Accounts, Other, Motor Vehicle
756761472	20191022 1157 1590 8086 Reg. 10 years Expires October 22, 2029	JWC Supply Ltd.	Trichome Financial Corp.	Inventory, Equipment, Accounts, Other, Motor Vehicle
748423314	20190219 1337 1590 0290 Reg. 3 year(s) Expires February 19, 2022	JWC 2 Ltd.	Trichome Financial Corp.	Inventory, Equipment, Accounts, Other, Motor Vehicle
756761517	20191022 1158 1590 8088 Reg. 10 years October 22, 2029	JWC 2 Ltd.	Trichome Financial Corp.	Inventory, Equipment, Accounts, Other, Motor Vehicle
748423269	20190219 1337 1590 0289 Reg. 3 year(s) Expires February 19, 2022	JWC 1 Ltd.	Trichome Financial Corp.	Inventory, Equipment, Accounts, Other, Motor Vehicle
756761445	20191022 1157 1590 8085 Reg. 10 years Expires October 22, 2029	JWC 1 Ltd.	Trichome Financial Corp.	Inventory, Equipment, Accounts, Other, Motor Vehicle
756761418	20191022 1156 1590 8083 Reg. 10 years Expires October 22, 2029	James E. Wagner Cultivation Corporation	Trichome Financial Corp.	Inventory, Equipment, Accounts, Other, Motor Vehicle
756761436	20191022 1157 1590 8084 Reg. 10 years Expires October 22, 2029	James E. Wagner Cultivation Ltd.	Trichome Financial Corp.	Inventory, Equipment,

				Accounts, Other, Motor Vehicle
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James E. Wagner Cultivation Ltd. has granted the following security:

File No.	Registration No.	Debtor(s)	Secured Party	Collateral Class
748423161	20190219 1336 1590 0287 Reg. 3 year(s) Expires February 19, 2022	James E. Wagner Cultivation Corporation	Trichome Financial Corp.	Inventory, Equipment, Accounts, Other, Motor Vehicle
748423206	20190219 1336 1590 0288 Reg. 3 year(s) Expires February 19, 2022	James E. Wagner Cultivation Ltd.	Trichome Financial Corp.	Inventory, Equipment, Accounts, Other, Motor Vehicle
756761418	20191022 1156 1590 8083 Reg. 10 years Expires October 22, 2029	James E. Wagner Cultivation Corporation	Trichome Financial Corp.	Inventory, Equipment, Accounts, Other, Motor Vehicle
756761436	20191022 1157 1590 8084 Reg. 10 years Expires October 22, 2029	James E. Wagner Cultivation Ltd.	Trichome Financial Corp.	Inventory, Equipment, Accounts, Other, Motor Vehicle

James E. Wagner Cultivation Corporation, James E. Wagner Cultivation Ltd. and Growth Storm Inc. have granted the following security:

File No.	Registration No.	Debtor(s)	Secured Party	Collateral Class
758987298	20200102 0945 1590 3899 Reg. 5 year(s) Expires January 2, 2025	James E. Wagner Cultivation Corporation James E. Wagner Cultivation Ltd. Growth Storm Inc.	Lind Global Macro Fund, LP	Inventory, Equipment, Accounts, Other, Motor Vehicle

GrowthStorm Inc. has granted the following security:

File No.	Registration No.	Debtor(s)	Secured Party	Collateral Class
748423431	20190219 1338 1590 0292 Reg. 3 year(s) Expires February 19, 2022	GrowthStorm Inc.	Trichome Financial Corp.	Inventory, Equipment, Accounts, Other, Motor Vehicle
756761499	20191022 1158 1590 8087 Reg. 10 years Expires October 22, 2029	GrowthStorm Inc.	Trichome Financial Corp.	Inventory, Equipment, Accounts, Other, Motor Vehicle

758987298	20200102 0945 1590 3899 Reg. 5 year(s) Expires January 2, 2025	Growth Storm Inc.	Lind Global Macro Fund, LP	Inventory, Equipment, Accounts, Other, Motor Vehicle
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OTHER INVESTMENT PROPERTY

None.

This is Exhibit "S" *referred to in the*
affidavit of Nathan Woodworth
sworn before me, this 31st
day of March, 2020

.....
A COMMISSIONER FOR TAKING AFFIDAVITS

FIRST AMENDMENT TO SUBORDINATION AGREEMENT

This FIRST AMENDMENT TO SUBORDINATION AGREEMENT (this “**Amendment**”) is made as of March 13, 2020 between Trichome Financial Corp. (including its successors and assigns, the “**Senior Creditor**”), and Lind Global Macro Fund, LP (including its successors and assigns, the “**Subordinated Lender**” and together with the Senior Creditor, the “**Parties**”).

RECITALS:

- A. Reference is made to the subordination agreement dated January 10, 2020 between the Senior Creditor and the Subordinated Lender (as may be amended, restated, modified, replaced or superseded from time to time, the “**Subordination Agreement**”); and
- B. The Borrower plans to enter into a convertible security funding agreement with the Subordinated Lender on the date hereof, and the Parties have agreed to make certain changes to the Subordination Agreement on the terms and subject to the conditions herein.

NOW THEREFORE for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties hereto, the Parties hereby agree as follows:

ARTICLE 1 INTERPRETATION

Section 1.1 Definitions. Capitalized terms not defined in this Amendment have the meanings given to them in the Subordination 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 SUBORDINATION 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 Subordination Agreement is hereby amended as follows:

- 2.1.1 The second recital to the Subordination Agreement is deleted in its entirety and replaced with the following:

“**AND WHEREAS**, the Subordinated Lender has agreed to invest an amount of up to \$11,200,000 in the Borrower, and the Borrower has agreed to issue convertible securities (“**Convertible Securities**”) under the terms of the Subordinated Funding Agreements (as defined herein);”

- 2.1.2 Article 1 of the Subordination Agreement is hereby amended by adding the following definition in alphabetical order:

2.1.2.1 ““**Subordinated Funding Agreements**” means, collectively, (i) the convertible security funding agreement dated as of December 29, 2019 between the Borrower and the Subordinated Lender and (ii) the convertible security funding agreement dated as of March 10, 2020 between the Borrower and the Subordinated Lender, in each

case as the same may be amended, amended and restated, renewed, extended, supplemented, replaced or otherwise modified from time to time, and “Subordinated Funding Agreement” means either of them.”

- 2.1.3 The definition of “**Subordinated Indebtedness Cap**” is hereby amended by deleting the reference to “\$2,000,000” and replacing it with “\$3,200,000”.
- 2.1.4 Section 1.03 of the Subordination Agreement is hereby amended by deleting the reference to “the Subordinated Funding Agreement” and replacing it with “the applicable Subordinated Funding Agreement”.
- 2.1.5 Section 1.06 and Section 5.07 of the Subordination Agreement are hereby amended by deleting each reference to “the Subordinated Funding Agreement” and replacing each with “the Subordinated Funding Agreements”.
- 2.1.6 Section 1.08 of the Subordination Agreement is hereby amended by (a) deleting the first reference to “the Subordinated Funding Agreement” and replacing it with “any Subordinated Funding Agreement”, and (b) deleting the second reference to “the Subordinated Funding Agreement” and replacing it with “such Subordinated Funding Agreement”.
- 2.1.7 Schedule A to the Subordination Agreement is hereby replaced with Exhibit A to this Amendment.

ARTICLE 3 MISCELLANEOUS

Section 3.1 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 3.2 Benefits. This Amendment is binding upon and will inure to the benefit of the Parties and their respective permitted successors and assigns.

Section 3.3 Conflicts. If, after the date of this Amendment, any provision of this Amendment is inconsistent with any provision of the Subordination Agreement, the relevant provision of this Amendment shall prevail.

Section 3.4 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 -

TRICHOME FINANCIAL CORP.

By: 
Name: Michael Ruschetta
Title: Chief Financial Officer

**LIND GLOBAL MACRO FUND, LP, by
its general partner, LIND GLOBAL
PARTNERS, LLC**

By: _____
Name:
Title:

TRICHOME FINANCIAL CORP.

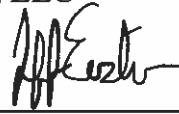
By: _____

Name: Michael Ruscetta

Title: Chief Financial Officer

**LIND GLOBAL MACRO FUND, LP, by
its general partner, LIND GLOBAL
PARTNERS, LLC**

By: _____



Name: Jeff Easton

Title: Managing Member

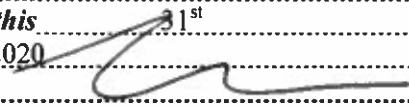
EXHIBIT 1

Schedule A Subordinated Funding Agreement Payment Terms

Pursuant to the Subordinated Funding Agreement that is dated as of December 29, 2019 (in this paragraph, the “**Applicable Subordinated Funding Agreement**”), the Subordinated Lender will advance \$2,000,000 to the Borrower in exchange for an uncertificated convertible security (in this paragraph, the “**First Convertible Security**”) with a 24-month term. The First Convertible Security has a face value of \$2,400,000 (in this paragraph, the “**Face Value**”), consisting of a \$2,000,000 principal amount and a \$400,000 prepaid interest portion. The Face Value of the First Convertible Security is convertible into common shares of the Borrower in accordance with the terms of the Applicable Subordinated Funding Agreement. The Borrower is obligated to repay the principal amount of the First Convertible Security in equal monthly installments of \$100,000 each, commencing in the calendar month which is four months and one day following the date of issuance of the First Convertible Security. The Borrower has a right to buy-back the entire outstanding Face Value of the First Convertible Security at any time.

Pursuant to the Subordinated Funding Agreement that is dated as of March 9, 2020 (in this paragraph, the “**Applicable Subordinated Funding Agreement**”), the Subordinated Lender will advance \$1,200,000 to the Borrower in exchange for an uncertificated convertible security (in this paragraph, the “**First Convertible Security**”) with a 24-month term. The First Convertible Security has a face value of \$1,440,000 (in this paragraph, the “**Face Value**”), consisting of a \$1,200,000 principal amount and a \$240,000 prepaid interest portion. The Face Value of the First Convertible Security is convertible into common shares of the Borrower in accordance with the terms of the Applicable Subordinated Funding Agreement. The Borrower is obligated to repay the principal amount of the First Convertible Security in equal monthly installments of \$60,000 each, commencing in the calendar month which is four months and one day following the date of issuance of the First Convertible Security. The Borrower has a right to buy-back the entire outstanding Face Value of the First Convertible Security at any time.

This is Exhibit "T" *referred to in the*
affidavit of Nathan Woodworth
sworn before me, this 31st
day of March, 2020



.....
A COMMISSIONER FOR TAKING AFFIDAVITS

LOAN AGREEMENT

THIS AGREEMENT is made as of this 20th day of February, 2019,

BETWEEN :

JAMES E. WAGNER CULTIVATION LTD.,
a corporation incorporated under the laws of the Province of Ontario
(the "Borrower")

and

BALL CONSTRUCTION LTD.,
a corporation incorporated under the laws of the Province of Ontario
(the "Lender").

and

JAMES E. WAGNER CULTIVATION CORPORATION
a corporation incorporated under the laws of the Province of Ontario
(the "Parent")

WHEREAS the Borrower is in possession of those lands and premises municipally known as 530 Manitou Drive, Kitchener, Ontario, (herein the "Premises") and the Borrower is and has been in the process of undertaking substantial renovations to the Premises;

AND WHEREAS the Lender is principally in the business of commercial construction and is and has been acting as the general contractor for such renovations on behalf of the Borrower;

AND WHEREAS the business of the Borrower is as a Licensed Producer of cannabis pursuant to a license issued to it by Health Canada and the Borrower is awaiting issuance to it of a license to commence production of cannabis products from the Premises from which it will generate sales revenue;

AND WHEREAS the Borrower is required to incur significant construction costs prior to generation by it of the revenues to pay for such costs;

NOW THEREFOR the Lender hereby offers to Borrower the following credit facility ("**Credit Facility**"), on the herein terms and conditions. In consideration of the following mutual covenants of Borrower and Lender and other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged), Borrower and Lender agree with each other as follows:

1. BORROWER: JAMES E. WAGNER CULTIVATION LTD.

Lender agrees to make available to Borrower on the terms set out in this agreement a revolving loan in the Maximum Loan Amount of up to **Five Million (\$5,000,000.00) Can. Dollars**, together with interest at the rate of the then HSBC Canada prime lending rate (which as of the date first written above is 3.95 per cent per annum) plus 0.5% per annum for a rate of **4.45 %** as of this date, as published and in effect on the date of advance of funds from time to time under this Credit Facility, calculated and compounding monthly (herein the "Loan"). The Loan will be payable as of the earlier of 1) expiry of the term of this Loan as herein provided, and 2) on demand made not earlier than or otherwise subsequent to July 1, 2019, and interest will accrue from the date of any advances and compound monthly until that date or as otherwise provided in this Loan Agreement.

The Term of this Loan shall be for a period of Eighteen (18) Months, and the outstanding Principal Amount and accrued interest shall be paid in full on or before August 31, 2020.

Provided this Loan to be void on payment of the Principal Amount outstanding from time to time together with interest at the rate as provided above, calculated monthly not in advance, as well after as before maturity and both before and after default on such portion of the principal hereby secured as remains from time to time unpaid, until the principal is fully paid as follows:

Interest at the aforesaid rate on the amounts advanced and outstanding from time to time, computed from each of the respective dates of such advances, shall become due and be paid on the 1st day of each month from and including August 1, 2019 and thereafter, the interest calculated on the outstanding amount from time to time at the aforesaid rate computed from the last payment date shall become due and be paid on the 1st day of each and every month in each year and every year from and including August 1, 2019 and thereafter on the 1st day of the month next following the advance of monies under this facility or so long as monies remain outstanding hereunder, such installments to be applied first in payment of the interest due from time to time, calculated at the aforesaid rate and the balance, if any, to be applied in reduction of the principal sum. Provided that each advance under this facility shall be secured and evidenced by an endorsement prepared by the Lender (which may be in the form of an invoice for construction completed and being billed). Delivery of any such document by the Lender to the Borrower shall for purposes of the Loan Agreement be deemed to constitute an advance hereunder and the amount represented thereby shall be added to the Principal Amount.
(the "Loan").

The maximum amount that shall be available under the Loan at any time and from time to time will, subject to the Maximum Loan Amount contemplated above, be determined once on the first

day of each month (or more frequently as determined by the Lender) and will be limited during such month (or other period as aforesaid) in accordance with the following formula (the "Loan Availability"):

The Loan Availability shall be the Maximum Loan Amount of **Five Million (\$5,000,000.00) Can. Dollars** as set out above,
LESS THE AGGREGATE OF the amount of the Loan then outstanding but not yet paid and including accrued interest which has been compounded into the Principal Amount of the loan, AND LESS one hundred percent (100%) of the net amount (meaning the invoice amount less payments paid thereunder by the Borrower) of construction invoices not yet paid or such part thereof which is not yet paid, and issued in the ordinary course by the Lender to the Borrower in the preceding calendar month, for construction work at the Premises in accordance with the agreement between the parties governing the issuance of invoices, as reflected in the Lender's then current monthly invoicing records,
AND which last two calculations shall combine as the Principal Amount outstanding from time to time under this Loan Agreement.

Any Loan Availability may not be drawn by the Borrower as cash and may only be drawn by an equivalent amount represented by invoice(s) or other endorsement(s) issued by the Lender to the Borrower for construction work completed at the Premises and added to the Principal Amount, as contemplated above.

2. PURPOSE

The Loan shall be used solely to provide a credit to the Borrower for unpaid construction invoices incurred by it with the Lender for work of services and materials at the Premises.

3. INTEREST

The Principal Amount advanced by Lender to Borrower pursuant to this Loan Agreement, shall bear interest ("Interest") at the applicable floating rate as set out above, calculated as provided above, both before and after default, demand and judgment, on the Principal Amount then outstanding, and on overdue Interest, if any, from time to time remaining unpaid, with such Interest to accrue from and including the date of advance of any part of the Principal Amount.

4. TERM OF LOAN AND REPAYMENT

The term of the Loan under this Loan Agreement shall be for the term as provided herein (the "Term"). The Principal Amount and Interest thereon shall be repaid by Borrower in consecutive monthly payments of interest only until the end of the Term or repayment of the principal and any other amounts outstanding thereunder.

The unpaid balance of the Principal Amount and accrued Interest under this Loan Agreement shall be repayable in full by Borrower on expiry of the Term, unless the parties have agreed in writing prior to that date to extend the Term of the loan on terms mutually acceptable to both of them. The Lender shall maintain records evidencing the draws or borrowings advanced to the Borrower by the Lender under this Loan Agreement. The Lender shall record the principal amount of such draws and borrowings, the payment of principal on account of the Loan, and all other amounts

becoming due to the Lender under this Loan Agreement. The Lender's accounts and records constitute, in the absence of manifest error, prima facie evidence of the indebtedness of the Borrower to the Lender pursuant to this Loan Agreement.

5. PREPAYMENTS

Borrower may, at any time or times, repay all or part of the amounts then due or payable under the Loan without notice or bonus.

6. CONDITIONS AND SECURITY

The following security evidenced and supported by documents, registrations and filings, in form and content satisfactory to Lender, shall be prepared, registered and/or provided by Borrower as a condition of an advance of the Loan:

One or more Promissory Notes as and when required by the Lender and in form satisfactory to the Lender, from the Borrower in favour of the Lender, evidencing advances or draws by and from, as the case may be, the Borrower and the Lender.

Borrower shall be responsible for all reasonable charges and costs for the preparation and placement of the herein Notes (Security), and for all reasonable costs associated with the discharge of the Security, if any, and for all costs incurred by Lender in enforcing its rights under this Loan Agreement and the Security and the recovery of all amounts payable by Borrower to Lender under this Loan Agreement and the Security.

7. COVENANTS OF Borrower

The Borrower represents and warrants to the Lender that:

- it is a corporation validly incorporated and subsisting under the laws of Ontario, and that it is duly registered or qualified to carry on business in all jurisdictions where the character of the properties owned by it or the nature of its business transacted makes such registration or qualification necessary; and,
- the shares of the Borrower are wholly owned by its parent company which is publicly traded on the TSXV Exchange, and which shall during the life of this Loan Agreement continue to be traded on a recognized stock exchange in Canada;
- the Borrower is the holder of a license from Health Canada pursuant to the provisions of the Cannabis Act to produce and sell Cannabis products, which license shall remain valid and in good standing during the life of this Loan Agreement;
- the execution and delivery of this agreement has been duly authorized by all necessary actions and does not violate any law or any provision of its constating documents, or those of its parent company, or by-laws or the rules of the TSXV to which it is subject, or result in the creation of any encumbrance on its properties and assets except as contemplated hereunder.

The Borrower and its parent company further covenants and agrees:

- to pay all sums of money when due under this Agreement;
- to give the Lender prompt notice of any breach of the within Covenants or Conditions or any event which, with notice or lapse of time or both, would constitute such a breach;
- to file all material tax returns which are or will be required to be filed, to pay or make

- provision for payment of all material taxes (including interest and penalties) and other potential preferred claims which are or will become due and payable and to provide adequate reserves for the payment of any tax, the payment of which is being contested;
- not to sell, transfer, convey, lease or otherwise dispose of its inventory or any part of its property or assets, without the prior written consent of the Lender, except in the ordinary course of business;
- at all times, give the Lender's representatives the right to inspect its establishments and provide access thereto;
- notify the Lender, without delay, of any event of default or any other event which, following notice or the expiry of a delay, could constitute an event of default;
- obtain and maintain the licenses and permits required to operate its business, including all licenses and amendments and additions under the Cannabis Act;
- remain in good standing under the securities regulatory regime required for the parent company to remain a publicly traded company, and to comply with all rules and requirements of the Ontario Securities Exchange and the TSXV and any other exchange on which shares of the Borrower's parent company may be traded;
- provide the Lender with any information or document that it may reasonably require from time to time.

8. EVENTS OF DEFAULT

The occurrence and continuation of any one or more of the following events shall constitute an event of default (each, an "Event of Default") under this Loan Agreement:

- The non-payment when due of principal and any other amounts due under this Agreement;
- The breach by the Borrower of any provisions of this Agreement;
- If any representation or warranty made herein shall be false or inaccurate in any materially adverse respect;
- If in the opinion of the Lender there is material adverse change in the financial condition, ownership or operation of the Borrower or its parent company;
- If proceedings for the dissolution, liquidation or winding-up of the Borrower or for the suspension of the operations of the Borrower are commenced, unless such proceedings are being actively and diligently contested by the Borrower in good faith, or in the event of the bankruptcy, liquidation, or general insolvency of the Borrower, or if a receiver or receiver-manager is appointed for all or any part of the business or assets of the Borrower;
- The breach at any time and in any material respect of the provisions of any applicable law, regulation, by-law, ordinance or work order of any lawful authority whether federal, provincial, municipal, local or otherwise, (including without restriction, those dealing with pollution of the environment and toxic materials or other environmental hazards, or public health and safety), affecting any property of the Borrower or any activity or operation carried out thereon.

Upon the occurrence of an Event of Default, the amounts due under the Loan and all accrued and unpaid Interest thereon shall, at the option of Lender be repayable in full by Borrower immediately upon demand by Lender.

9. NOTICE

Any notice or other communication required, desired or permitted under this Loan Agreement shall be in writing and shall be effectively given if:
delivered personally; or
sent by prepaid courier service or sent by registered mail; or
Sent by email to an email address known to the sender as that of the intended recipient;
or at such other mailing address or email address as the party to whom such notice or other communication is to be given shall have advised the party giving the same in the manner provided in this section. Any notice or other communication shall be deemed to have been given and received on the day it is sent by email or it is so delivered at such address, or, if sent by registered mail, five (5) days following the date of mailing, provided that if such day is not a business day such notice or other communication shall be deemed to have been given and received on the next following business day.

10. WARRANTS

Upon execution of this Agreement, the parent company of the Borrower will issue to the Lender Three Hundred Thousand (300,000) warrants to purchase common shares of James E. Wagner Cultivation Corporation, the parent company of the Borrower (V.JWCA) at an exercise price ("Exercise Price") equal to the closing price of JWC's common shares (V.JWCA) upon the date of execution of this Loan Agreement and issuance of a press release announcing the execution of this Loan Agreement. Each warrant is exercisable in whole or in part at any time and from time to time for two (2) years from the date of issuance of the warrants. The parties acknowledge that issuance of the warrants is subject to approval of the TSXV.

11. PUBLICATION

Lender hereby acknowledges that Borrower may be required to file this Loan Agreement on SEDAR in order to comply with applicable laws, including the rules, regulations, instruments and policies of the SEC and the CSA, and Lender hereby acknowledges that Borrower shall file this Loan Agreement on SEDAR if required by applicable law, or by the rules, regulations and policies of the SEC and CSA.

The parties will consult with each other before issuing any press release concerning the execution of this Loan Agreement or otherwise making any public disclosure concerning the execution of this Loan Agreement and shall not issue any such press release or make any such public disclosure before notifying the other party, provided that any objection of the receiving party is valid in accordance with and based on commercially reasonable grounds. Nothing herein prohibits any party from making a press release or other disclosure that is, in a Party's reasonable judgement, required by applicable laws or by the policies of any stock exchange or for the legitimate business advantage of the releasing Party, if the party making the disclosure has first used its commercially reasonable efforts to consult the other party with respect to the timing and content thereof.

12. WAIVER, AMENDMENT, PRIORITY

Except as expressly provided in this Loan Agreement no amendment or waiver of this Loan Agreement shall be binding unless executed in writing by each Party. No waiver or any provision of this Loan Agreement shall constitute a waiver of any other provision nor shall any waiver of any provision of this Loan Agreement constitute a continuing waiver unless otherwise expressly

provided. The Lender may, at any time, upon notice to Borrower, amend the terms of this Loan Agreement to comply with changes to any applicable law. Each of the provisions contained in this Loan Agreement are distinct and severable and a declaration of invalidity 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. In the event of conflict or inconsistency between the provisions of this Loan Agreement and the provisions of any other documents or agreements previously in existence or required to be delivered pursuant to this Loan Agreement, the provisions of this Loan Agreement shall govern to the extent necessary to remedy any such conflict or inconsistency. Without limiting the generality of the preceding sentence, and conflict or contradiction with determination or calculation of interest obligations or invoice payment obligations by the Borrower to the Lender under any other document or agreement, shall be deemed to be amended so as to be governed by the terms and provisions of this Loan Agreement concerning same, and any such otherwise conflicting or contradictory provisions shall not be deemed to be in default as a result.

13. FURTHER ASSURANCES

Borrower shall, on demand until any and all amounts due hereunder are paid in full, promptly execute and deliver to Lender all such other and further documents, agreements and other instruments, and do such other and further things, as Lender may require to give effect to this Loan Agreement.

14. TIME

Time shall be of the essence in this Loan Agreement.

15. SUCCESSORS AND ASSIGNS

This Loan Agreement shall be binding upon and shall enure to the benefit of Lender and Borrower and their respective successors and permitted assigns. Borrower may not assign or transfer its rights and obligations under this Loan Agreement without the prior written consent of Lender.

Lender may assign or transfer its rights and obligations under this Loan Agreement without Borrower's consent. In the event of Lender assigning all or part of this agreement to and providing funds from another entity, the requisite documents for closing shall be amended accordingly, and such entity shall for all purposes be deemed to be an original party to this agreement.

16. GOVERNING LAW

This Loan Agreement the rights and obligations of the Parties under this Loan Agreement and any claim or controversy directly or indirectly based upon or arising out of this Document, the transactions contemplated by this Loan Agreement (whether based in contract, tort or any other theory), including all matters of construction, validity and performance, shall in all respects be governed by, interpreted, construed and determined in accordance with, the laws of the Province of Ontario and the federal laws of Canada applicable therein, without regard to the conflicts of law principles thereof. The Parties acknowledge that their respective legal counsel have participated in settling, or have reviewed the terms of, this Loan Agreement and the Parties hereby agree that any rule of construction to the effect that any ambiguity is to be resolved against the drafting party shall

not be applicable in the interpretation of this Loan Agreement.

17. CONSENT

James E. Wagner Cultivation Corporation, as the parent corporation of James E. Wagner Cultivation Ltd. hereby acknowledges its consent and approval of the making of this Loan Agreement. James E. Wagner Cultivation Corporation represents and warrants that any necessary consents and approvals as required by its constating documents or otherwise by law have been obtained. James E. Wagner Cultivation Corporation further binds itself as principal obligor to the terms and covenants of the Borrower herein, as if originally made by it.

Signature Page to Follow.

IN WITNESS WHEREOF the parties have executed this Loan Agreement to be effective as of the date first set out above.

JAMES E. WAGNER CULTIVATION LTD.

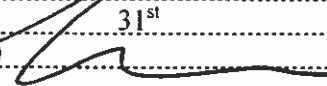
Per: “Nathan Woodworth”
Name: Nathan Woodworth
Position: President
I have authority to bind the Corporation.

BALL CONSTRUCTION LTD.

Per: “Jason Ball”
Name: Jason Ball
Position: President
I have authority to bind the Corporation.

JAMES E. WAGNER CULTIVATION CORPORATION

Per: “Nathan Woodworth”
Name: Nathan Woodworth
Position: Chief Executive Officer
I have authority to bind the Corporation.

This is Exhibit "U" *referred to in the*
affidavit of Nathan Woodworth
sworn before me, this 31st
day of March, 2020


.....
A COMMISSIONER FOR TAKING AFFIDAVITS

THIS AMENDING AGREEMENT dated as of the 19th day of March, 2019 (the "Amendment"),

BETWEEN:

**JAMES E. WAGNER CULTIVATION LTD.,
a corporation incorporated under the laws of the Province of Ontario** (the "Borrower")

and

**BALL CONSTRUCTION LTD.,
a corporation incorporated under the laws of the Province of Ontario** (the "Lender").

and

**JAMES E. WAGNER CULTIVATION CORPORATION,
a corporation incorporated under the laws of the Province of Ontario**
(the "Parent", together with the Borrower and the Lender, the "Parties")

WHEREAS pursuant to a loan agreement dated February 20, 2019, among the Parties (hereinafter called the "Agreement") the Lender agreed to provide the Borrower with a Credit Facility;

AND WHEREAS the Parties have agreed to amend certain terms of the Agreement on the terms and conditions as set out herein;

NOW THEREFOR, in consideration of the mutual promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1. The Agreement shall be and the same is hereby amended, which terms of amendment shall for all purposes be deemed to be retroactive and effective as of the original date of the Agreement.
2. Except as specifically amended herein, all other terms of the Agreement remain in full force and effect unamended as of the date hereof.
3. The Parties agree to delete the following language from Section 1:

"The Loan will be payable as of the earlier of 1) expiry of the term of this Loan as herein provided, and 2) on demand made not earlier than or otherwise subsequent to July 1, 2019, and interest will accrue on the date of any advances and compound monthly until that date or as otherwise provided

in this Loan Agreement.”

and replace it with the following language:

“The Loan will be repayable as of the earlier of 1) expiry of the term of this Loan as herein provided, and 2) on demand made not earlier than or otherwise subsequent to July 1, 2019, and interest will accrue on the date of any advances and compound monthly until that date or as otherwise provided in this Loan Agreement.”

4. The Parties agree to delete the following language from Section 1:

“The Term of this Loan shall be for a period of Eighteen (18) Months, and the outstanding Principal Amount and accrued interest shall be paid in full on or before August 31, 2020.”

and replace it with the following language:

“The Term of this Loan shall be for a period of Twenty-Four (24) Months commencing on the date hereof, and the outstanding Principal Amount and accrued interest shall be paid in full on or before February 28, 2021.”

5. The Parties agree to delete Section 10 in its entirety and replace it with the following language:

“10. WARRANTS

Upon execution of this Agreement, the Parent will authorize issuance to the Lender of up to three hundred thousand (300,000) warrants (the “Warrants”) to purchase common shares of the Parent (V.JWCA) at an exercise price (the “Exercise Price”) equal to the closing market price of the Parent’s common shares (V.JWCA) on the last trading day prior to the date of issuance of a news release announcing the delivery of an invoice issued by the Lender to the Borrower for the payment of renovation work completed by the Lender at the Premises (the “Invoice”), and representing a draw on this Credit Facility as payment of such Invoice. Pursuant to the policies of the TSXV, the number of Warrants issued by the Parent shall not exceed the total dollar amount of the Invoice divided by the Market Price (as defined in TSXV Policy 5.1). Each Warrant shall be exercisable in whole or in part at any time and from time to time prior to expiry of the Term of the Agreement. The Parties acknowledge that issuance of the Warrants is subject to the approval of the TSXV.”

6. No further amendment to the Agreement shall be valid or binding unless set forth in writing and duly executed by all of the parties hereto. No waiver of any breach of any provision of the Agreement shall be effective or binding unless made in writing and signed by the party purporting to give the same and, unless otherwise provided in the written waiver, shall be limited to the specific breach waived.
7. The Agreement together with the amendment(s) herein expressly provided constitute and contain the entire and only agreement among the parties relating to the matters described herein and supersedes and cancels any and all previous agreements and understandings between all or any of the parties relative hereto.

8. Time shall continue to be of the essence of the Amendment and of each and every part thereof.
9. This Agreement may be executed in several counterparts, each of which, when executed, shall be deemed to be an original, and such counterparts together shall constitute one and the same instrument.
10. Delivery of this Amendment or notice hereunder by facsimile or by electronic transmission in digital format or in portable document format (PDF) of an executed copy of this agreement or any notice is as effective as delivery of an originally executed copy thereof.
11. This Amendment shall be binding upon and enure to the benefit of the parties hereto and their respective executors, administrators, successors and assigns.

Signature Page to Follow.

IN WITNESS WHEREOF the parties have executed this Agreement.

JAMES E. WAGNER CULTIVATION LTD.

Per: 

Name: Nathan Woodworth

Position: President

I have authority to bind the Corporation.

BALL CONSTRUCTION LTD.

Per: 

Name: Jason Ball

Position: President

I have authority to bind the Corporation.

JAMES E. WAGNER CULTIVATION CORPORATION

Per: 

Name: Nathan Woodworth

Position: Chief Executive Officer

I have authority to bind the Corporation.

THIS AMENDING AGREEMENT dated as of the 17th day of July, 2019 (the "Second Amendment"),

BETWEEN:

**JAMES E. WAGNER CULTIVATION LTD.,
a corporation incorporated under the laws of the Province of Ontario**

(the "Borrower")

and

**BALL CONSTRUCTION LTD.,
a corporation incorporated under the laws of the Province of Ontario**

(the "Lender").

and

**JAMES E. WAGNER CULTIVATION CORPORATION,
a corporation incorporated under the laws of the Province of Ontario**

(the "Parent", together with the Borrower and the Lender, the "Parties")

WHEREAS pursuant to a loan agreement dated February 20, 2019 among the Parties (herein called the "Agreement") the Lender agreed to provide the Borrower with a Credit Facility;

AND WHEREAS the Parties did agree to amend certain terms of the Agreement on the terms and conditions as set out in an amending agreement dated the 19th day of March, 2019 (herein called the "Amendment")

AND WHEREAS the Parties have agreed to further amend certain terms of the Agreement on the terms and conditions as set out herein (herein called the "Second Amendment");

NOW THEREFOR, in consideration of the mutual promises contained herein and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

1.

The Agreement and the Amendment shall be and the same are hereby amended to the extent necessary to give effect to the terms of this Second Amendment, which terms of amendment shall for all purposes be deemed to be effective as of the date hereof.

2.

Except as specifically amended or otherwise provided for herein, all other terms of the Agreement and the Amendment remain in full force and effect and unamended as of the date hereof.

3.

The Agreement and the Amendment have been throughout and do remain as of the date hereof in good standing.

4.

The Parties do hereby agree that the Principal Amount as determined by the Agreement, and subject to adjustment for the ongoing compounding of accrued interest as provided for in the Agreement, is to be repaid in accordance with the terms provided in this Second Amendment. Corollary to this provision, the future use and application of the Credit Facility provided for in the Agreement, will terminate as of the date of this Second Amendment and will be subject to the provisions hereof concerning its repayment.

5.

The Parties acknowledge and agree that construction invoices which are issued by the Lender to the Borrower after the date of this Second Amendment, will be paid by the Borrower in the ordinary course as determined by and in accordance with the agreement between the Parties governing the issuance and payment of construction invoices.

6.

The Principal Amount together with future interest as accrued and compounded, shall no longer be payable on demand and shall be paid in accordance with the following schedule of dates and amounts:

<u>DATE OF PAYMENT</u>	<u>AMOUNT OF PAYMENT</u>
upon execution of this Second Amendment by the Parties	\$ 600,000.00
September 15, 2019	\$ 400,000.00
October 15, 2019	\$ 850,000.00
November 15, 2019	\$ 850,000.00
December 15, 2019	\$ 850,000.00
January 15, 2020	\$ 700,000.00
February 15, 2020	Balance of Principal Amount &
accrued interest	

1.

Prepayment - Borrower may, at any time or times, in its discretion and without obligation or duty to do so, prepay all or any part of the outstanding balance of the amounts then due or payable in addition to the above schedule of payments, without notice or bonus. The Borrower further undertakes to use its best efforts to raise additional capital on

IN WITNESS WHEREOF the parties have executed this Second Amendment

JAMES E. WAGNER CULTIVATION LTD.

Per: 

Name: Nathan Woodworth

Position: President

I have authority to bind the Corporation.

BALL CONSTRUCTION LTD.

Per: 

Name: Jason Ball

Position: President

I have authority to bind the Corporation.

JAMES E. WAGNER CULTIVATION CORPORATION

Per: 

Name: Nathan Woodworth

Position: Chief Executive Officer

I have authority to bind the Corporation.

reasonable commercial terms, and if and when it is able to do so, to use the proceeds or any such portion thereof as may be commercially reasonable, to make prepayments

2.

No further amendment to the Agreement or the Amendment or this Second Amendment, shall be valid or binding unless set forth in writing and duly executed by all of the parties hereto. No waiver of any breach of any provision of the Agreement shall be effective or binding unless made in writing and signed by the party purporting to give effect to the same and, unless otherwise provided in the written waiver, shall be limited to the specific breach waived.

3.

The Agreement together with the Amendment the Second Amendment herein expressly provided, shall constitute and contain the entire and only agreement among the Parties relating to the matters described herein and supersedes and cancels any and all previous agreements and understandings between all or any of the Parties relative hereto.

4.

Time shall continue to be of the essence of the Second Amendment and of each and every part thereof.

5.

This Agreement may be executed in several counterparts, each of which, when executed, shall be deemed to be an original, and such counterparts together shall constitute one and the same instrument.

6.

Delivery of this Second Amendment or notice hereunder by facsimile or by electronic transmission in digital format or in portable document format (PDF) of an executed copy hereof or of any notice, is as effective as delivery of an originally executed copy thereof.

7.

This Second Amendment shall be binding upon and enure to the benefit of the Parties hereto and their respective executors, administrators, successors and assigns.

Signature Page to Follow.

This is Exhibit **"V"** *referred to in the*
affidavit of Nathan Woodworth
sworn before me, this 31st
day of March, 2020

.....
A COMMISSIONER FOR TAKING AFFIDAVITS

SUBORDINATION AND POSTPONEMENT AGREEMENT

THIS SUBORDINATION AND POSTPONEMENT AGREEMENT is made as of November 6, 2019 between Trichome Financial Corp., as lender under the Loan Agreement (as hereinafter defined) and purchaser under the Factoring Agreement (as hereinafter defined) (including all successors, the “**Senior Lender**”), Ball Construction Ltd. (including all successors, the “**Subordinate Lender**”), James E. Wagner Cultivation Corporation (including all successors, “**JWC**”) and James E. Wagner Cultivation Ltd. (including all successors, “**JWL**” and together with JWC, the “**Obligors**”);

WHEREAS pursuant to an amended and restated loan agreement dated as of November 6, 2019 (such agreement and all amendments, modifications, restatements, supplements and replacements entered into from time to time being referred to herein as the “**Loan Agreement**”) between JWC, the Lender, JWL, as guarantor, and the other guarantors party thereto from time to time, the Senior Lender has agreed to advance funds to JWC;

WHEREAS pursuant to a receivables purchase agreement dated October 23, 2019 between, among others, JWC, the Guarantors and the Senior Lender, as purchaser, the Senior Lender agreed to finance and/or collect receivables of JWC (the “**Factoring Agreement**”);

AND WHEREAS each Obligor has granted security in favour of the Lender to secure the Senior Debt (as hereinafter defined);

AND WHEREAS JWL is indebted to the Subordinate Lender;

AND WHEREAS the Subordinate Lender has agreed to subordinate and postpone the Subordinate Debt (as hereinafter defined) to the indefeasible repayment in full by the Obligors of the Senior Debt (as hereinafter defined);

NOW THEREFORE for good and valuable consideration, the receipt and sufficiency of which is hereby irrevocably acknowledged, the parties hereto make the following covenants, acknowledgments and agreements.

1. **Defined Terms:** Terms used but not defined elsewhere in this Agreement (including the recitals hereto) shall have the following meanings:
 - (a) “**Ball Construction Loan Agreement**” means the loan agreement dated February 20, 2019 between the Obligors and the Subordinated Lender, as amended on March 19, 2019, July 17, 2019 and October 9, 2019.
 - (b) “**Business Day**” shall mean any day other than Saturday or Sunday on which banks are generally open for business in Toronto, Ontario.
 - (c) “**Capital Raise**” means (i) an equity offering by JWC, (ii) subject to the Senior Lender’s consent, in its sole discretion, a royalty arrangement, and (iii) subject to the Senior Lender’s consent, in its sole discretion, and a subordination agreement, in form and substance satisfactory to the Senior Lender, the issuance of unsecured subordinated debt by JWC, with proceeds of paragraphs (i), (ii) and (iii) above, in aggregate, of not less than \$4,000,000;
 - (d) “**Permitted Subordinate Debt Payments**” means, provided that no Event of Default (as defined in the Loan Agreement) (or event which with notice or lapse of time or both

would become an Event of Default) has occurred and is continuing at the time of any contemplated payment or would result from any contemplated payment, any payment made following the Capital Raise that is payable in accordance with the terms of the Ball Construction Loan Agreement in an amount not to exceed \$3,600,000, unless prohibited by Section 4.

- (e) **“Person”** shall mean any individual, sole proprietorship, partnership, corporation, business trust, joint stock company, trust, unincorporated organization, association, limited liability company, unlimited liability company, limited liability partnership, institution, public benefit corporation, joint venture, entity or governmental body (whether federal, provincial, state, county, city, municipal or otherwise, including any instrumentality, division, agency, body or department thereof).
- (f) **“Senior Debt”** means all indebtedness, liabilities and obligations, of any nature or kind, present or future, direct or indirect, absolute or contingent, whether as primary obligor, surety or guarantor, matured or not and at any time owing by any Obligor to the Senior Lender and arising under, by reason of or otherwise in respect of any Senior Debt Document.
- (g) **“Senior Debt Documents”** means, collectively, the Loan Agreement, the Factoring Agreement and the Loan Documents (as such term is defined in the Loan Agreement).
- (h) **“Senior Security”** means all liens, charges, pledges, security interests and other security agreements of any nature or kind, now or hereafter granted by any Obligor (or any other Person) to the Senior Lender through assignment or otherwise which secures payment of the Senior Debt.
- (i) **“Subordinate Debt”** means all indebtedness, liabilities and obligations, of any nature or kind, present or future, direct or indirect, absolute or contingent, whether as primary obligor or surety, matured or not and at any time owing by any Obligor to the Subordinate Lender, including without limitation any obligations arising under, by reason of or otherwise in respect of any Subordinated Debt Document.
- (j) **“Subordinate Debt Documents”** means, collectively, all documents and agreements delivered under or in respect of, or in replacement or substitution for or supplemental to any such document evidencing indebtedness of any Obligor to the Subordinate Lender after the date hereof, and all amendments, modifications, restatements, supplements and replacements entered into from time to time, including the Ball Construction Loan Agreement.

2. **Subordination and Postponement:**

- (a) Each Obligor and the Subordinate Lender hereby covenant and agree that the payment of all Subordinate Debt is hereby unconditionally and irrevocably deferred, postponed and subordinated in all respects to the prior indefeasible payment in full by the Obligors of all the Senior Debt.
- (b) Without limiting the generality of the foregoing, the deferment, postponement and subordination of the Subordinate Debt contained herein shall be effective notwithstanding:

- (i) the fact that any rule of law or any statute may alter or vary the priorities set forth in this Agreement;
 - (ii) any lack of validity, legality, completeness or enforceability of the Senior Debt, any Senior Debt Document or any Senior Security;
 - (iii) any failure of, or delay by, the Senior Lender:
 - (A) to assert any claim or demand or to enforce any right, power or remedy against any Obligor under the Loan Agreement, the Factoring Agreement or under any Loan Document (as such term is defined in the Loan Agreement); or
 - (B) to exercise any right, power or remedy against any Obligor, the Senior Security or any other collateral securing the Senior Debt; and/or
 - (iv) any other circumstance which might otherwise constitute a defense available to, or a legal or equitable discharge of, or otherwise prejudicially affect the subordination herein provided.
3. **Repayment of Subordinate Debt:** Until the Senior Debt has been indefeasibly paid in full and the commitments under the Loan Agreement and the Factoring Agreement have been terminated, except for Permitted Subordinated Debt Payments, no direct or indirect, payment (including, but not limited to, principal, interest and fees), prepayment or repayment on account of, or other distribution in respect of, the Subordinate Debt shall be made by, or on behalf of, any Obligor or received by, or on behalf of, the Subordinate Lender.
4. **Restriction on Enforcement:** The Subordinate Lender shall not take any steps whatsoever to enforce payment of the Subordinate Debt (including, without limitation, notice of default, demand for payment, rights of set-off, commencement of bankruptcy proceedings, foreclosure, sale, power of sale, taking of possession, giving in payment, appointing or making application to a court for an order appointing an agent or a receiver or receiver-manager by any other means of enforcement thereof) unless, prior to the taking of any such steps, the Senior Debt has been indefeasibly paid in full and the commitments under the Loan Agreement and the Factoring Agreement have been terminated; provided that the foregoing will not prevent the Subordinate Lender from accelerating any of the Subordinate Debt if in any Insolvency Proceeding (as defined in Section 8 below) it is necessary for the Subordinate Lender to file and prove a claim for the amount of principal and interest owing and unpaid in respect of the Subordinate Debt and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Subordinate Lender allowed in such Insolvency Proceeding (subject in all cases to Section 8 of this Agreement). Each Obligor hereby acknowledges and agrees that any limitation period applicable to the Subordinate Lender's right to enforce the Subordinate Debt shall be irrevocably extended by such amount of time as the Subordinate Lender is restricted from enforcing.
5. **Subordinate Security:** The Subordinate Lender and each Obligor each confirms and acknowledges that the Subordinate Lender has not been granted any security from any Obligor to secure the Subordinated Debt. The Subordinate Lender covenants in favour of the Senior Lender that during the term of this Agreement it will not take or accept from any Obligor any security for the payment of or performance of obligations in respect of the Subordinate Debt. Each Obligor covenants in favour of the Senior Lender that during the term of this Agreement, it will not deliver

to the Subordinate Lender any security for the payment of or performance of obligations in respect of the Subordinate Debt.

6. **No Objection:** The Subordinate Lender shall not take, or cause or permit any other Person to take on its behalf, any steps whatsoever whereby the priority or validity of the Senior Debt or any of the Senior Security or the rights of the Senior Lender hereunder, under the Loan Agreement, the Factoring Agreement and the Loan Documents (as such term is defined in the Loan Agreement) might be delayed, defeated, impaired or diminished, and without limiting the generality of the foregoing, the Subordinate Lender shall not challenge, object to, compete with or impede in any manner any act taken or proceeding commenced by the Senior Lender in connection with the enforcement by the Senior Lender of the Senior Debt and/or the Senior Security.
7. **Application of Proceeds:** The Subordinate Lender and each Obligor acknowledge that all and every part of the Senior Security is held by the Senior Lender as security for all and every part of the Senior Debt and the Senior Lender may apply as a permanent reduction any monies received, whether from the enforcement of and realization upon any or all of the Senior Security or otherwise, to any part of the Senior Debt as the Senior Lender, in its sole discretion, may determine.
8. **Liquidation, Dissolution, Bankruptcy, etc.:** In the event of distribution, division or application, partial or complete, voluntary or involuntary, by operation of law or otherwise, of all or any part of the assets of any Obligor, or the proceeds thereof, to creditors in connection with the bankruptcy, liquidation or winding-up of any Obligor or in connection with any composition with creditors or scheme of arrangement to which any Obligor is a party (each an “**Insolvency Proceeding**”), the Senior Lender shall be entitled to receive payment in full (including interest accruing to the date of receipt of such payment and the Prepayment Premium (as defined in the Loan Agreement), if applicable, at the applicable rate whether or not allowed as a claim in any such proceeding) of the Senior Debt before the Subordinate Lender is entitled to receive any direct or indirect payment or distribution of any cash or other assets of any Obligor on account of the Subordinate Debt, and the Senior Lender shall be entitled to receive directly, for application in payment of such Senior Debt (to the extent necessary to pay all Senior Debt in full after giving effect to any substantially concurrent payment or distribution to the Senior Lender in respect of the Senior Debt), any payment or distribution of any kind or character, whether in cash or other assets, which shall be payable or deliverable upon or with respect to the Subordinate Debt. To the extent any payment of Senior Debt (whether by or on behalf of an Obligor, as proceeds of security or enforcement of any right of set-off or otherwise) is declared to be a fraudulent preference or otherwise preferential, set aside or required to be paid to a trustee, receiver or other similar Person under any bankruptcy, insolvency, receivership or similar law, then if such payment is recoverable by, or paid over to, such trustee, receiver or other Person, the Senior Debt or part thereof originally intended to be satisfied shall be deemed to be reinstated and outstanding as if such payment had not occurred.
9. **Voting of Claims:** Without limitation to the rights of the Senior Lender under the Loan Agreement, the Factoring Agreement or any of the Loan Documents (as defined in the Loan Agreement), in order to ensure that the full intent of this Agreement is carried out (including, without limitation, the subordination and postponement provisions), the Subordinate Lender hereby:
 - (a) agrees that, to the extent that the Subordinate Lender is entitled to vote in any Insolvency Proceeding involving any Obligor with respect to or in connection with the Subordinated Debt Documents and the Subordinate Debt (the “**Claims**”), the Subordinate Lender shall vote its Claims as directed by the Senior Lender in the Senior Lender’s sole discretion; and

- (b) agrees that it will not take any other action in an Insolvency Proceeding with respect to the Subordinate Debt (except as required to prove and defend its claim) without the prior written consent of the Senior Lender.
10. **Payments Received by the Subordinate Lender:** If, prior to the indefeasible payment in full of the Senior Debt, the Subordinate Lender or any Person on its behalf receives any payment (other than Permitted Subordinate Debt Payments) from or distribution of assets of an Obligor or on account of the Subordinate Debt, then the Subordinate Lender shall, and shall cause such other Person to, receive and hold such payment or distribution in trust for the benefit of the Senior Lender and promptly pay the same over or deliver to the Senior Lender in precisely the form received by the Subordinate Lender or such other Person on its behalf (except for any necessary endorsement or assignment) and such payment or distribution shall be applied by the Senior Lender to the repayment of the Senior Debt.
11. **Senior Lender's Rights:** The Subordinate Lender agrees that the Senior Lender will be entitled to deal with the Senior Security as it sees fit and nothing herein will prevent, restrict or limit the Senior Lender in any manner from exercising all or any part of its rights and remedies otherwise permitted by applicable law upon any default under the Senior Security, and without limiting the generality of the foregoing, the Subordinate Lender agrees that:
- (a) the Senior Lender, in its absolute discretion, and without diminishing the obligations of the Subordinate Lender hereunder, may grant time or other indulgences to any Obligor and any other Person or Persons now or hereafter liable to the Senior Lender in respect of the payment of the Senior Debt, and may give up, modify, vary, exchange, renew or abstain from taking advantage of the Senior Security in whole or in part and may discharge any part or parts of or accept any composition or arrangements or realize upon the Senior Security when and in such manner as the Senior Lender or any authorized officer or agent thereof may think expedient, and in no such case shall the Senior Lender be responsible for any neglect or omission with respect to the Senior Security or any part thereof;
- (b) the Subordinate Lender shall not be released or exonerated from its obligations hereunder by extension of time periods or any other forbearance whatsoever, whether as to time, performance or otherwise or by any release, discharge, loss or alteration in or dealing with all or any part of the Senior Debt and the Senior Security or any part thereof or by any failure or delay in giving any notice required under this Agreement, the Senior Debt Documents, Senior Debt or Senior Security or any part thereof, the waiver by the Senior Lender of compliance with any conditions precedent to any advance of funds, or by any modification or alteration of the Senior Debt Documents, Senior Debt or Senior Security or any part thereof, or by anything done, suffered or permitted by the Senior Lender, or as a result of the method or terms of payment under the Senior Debt or Senior Security or any part thereof or any assignment or other transfer of all or any part of the Senior Debt Documents, Senior Debt or Senior Security or any part thereof;
- (c) the Senior Lender shall not be bound to seek or exhaust any recourse against any Obligor or any other Person or against the property or assets of any Obligor or any other Person or against any security, guarantee or indemnity before being entitled to the benefit of the Subordinate Lender's obligations hereunder and the Senior Lender may enforce the various remedies available to it and may realize upon the various security documents, guarantees and indemnities or any part thereof held by them in such order as the Senior Lender may determine appropriate;

- (d) the Subordinate Lender is fully responsible for acquiring and updating information relating to the financial condition of the Obligors and all circumstances relating to the payment or nonpayment of the Subordinate Debt;
- (e) the Senior Lender shall not be required to marshal in favour of the Subordinate Lender or any other Person the Senior Security or any other securities or any moneys or other assets which the Senior Lender may be entitled to receive or upon which the Senior Lender may have a claim; and
- (f) the Senior Lender shall be entitled to advance its own money as it sees fit in order to preserve or protect the assets of the Obligors or any part thereof; and all such sums advanced to the extent reasonably advanced to preserve and protect the assets of the Obligors or any part thereof, shall constitute part of the Senior Debt and shall be secured by the Senior Security.

12. **No Waiver of Subordination Provisions:**

- (a) No right of the Senior Lender to enforce the subordination as provided in this Agreement shall at any time in any way be prejudiced or impaired by any act or failure to act on the part of any Obligor or by any act or failure to act by the Senior Lender or any agent or trustee for the Senior Lender, or by any non-compliance by any Obligor with any of the agreements or instruments relating to the Subordinate Debt or the Senior Debt, regardless of any knowledge thereof which the Senior Lender may have or be otherwise charged with. Without limitation of the foregoing, but in no way relieving the Obligors of its obligations under this Agreement, the Senior Lender may, at any time and from time to time, without the consent of the Subordinate Lender and without impairing or releasing the subordination and other benefits provided in this Agreement or the obligations hereunder of the Subordinate Lender to the Senior Lender, do any one or more of the following:
 - (i) amend, supplement, modify, restate or replace the Senior Debt or any of the Senior Security (including increasing the amount of debt secured thereby);
 - (ii) sell, exchange, release, surrender, realize upon, enforce or otherwise deal with in any manner any assets pledged or mortgaged for or otherwise securing the Senior Debt or any liability of any Obligor or any liability incurred directly or indirectly in respect thereof;
 - (iii) settle or compromise any Senior Debt or any other liability of any Obligor (other than the Subordinate Debt) or any security thereof or any liability incurred directly or indirectly in respect thereof, and apply any sums by whomsoever paid and however realized to the Senior Debt in any manner or order; and
 - (iv) fail to take or to record or otherwise perfect or to preserve the perfection of any liens or security interest securing the Senior Debt, exercise or delay in or refrain from exercising any right or remedy against any Obligor and elect any remedy and otherwise deal freely with any Obligor.
- (b) No loss of or in respect of any of the Senior Security or otherwise or any carelessness or neglect by the Senior Lender in asserting its rights or any other thing whatsoever, including without limitation the loss by operation of law of any right of the Senior Lender against

any Obligor or the loss or destruction of any security, shall in any way impair or release the subordination and other benefits provided by this Agreement.

13. **No Release:** This Agreement shall remain in full force and effect without regard to, and the obligations of the Subordinate Lender hereunder shall not be released or otherwise affected or impaired by:
- (a) any exercise or non-exercise by the Senior Lender of any right, remedy, power or privilege in the Senior Debt or the Senior Security;
 - (b) any waiver, consent, extension, indulgence or other action, inaction or omission by the Senior Lender under or in respect of this Agreement, the Senior Debt or the Senior Security;
 - (c) any default by any Obligor under, any limitation on the liability of any Obligor on the method or terms of payment under, or any irregularity or other defect in, the Senior Debt, the Senior Security, other than to the extent of any invalidity or unenforceability of any Senior Security;
 - (d) the failure of the Senior Lender to file or enforce a claim of any kind;
 - (e) any defence based upon an election of remedies by the Senior Lender which destroys or otherwise impairs the subrogation rights of the Subordinate Lender or the right of the Subordinate Lender to proceed against any Obligor for reimbursement, or both;
 - (f) any merger, consolidation or amalgamation of the Subordinate Lender or any Obligor into or with any other Person; or
 - (g) any insolvency, bankruptcy, liquidation, reorganization, arrangement, composition, winding-up, dissolution or similar proceeding involving or affecting the Subordinate Lender or any Obligor.
14. **No Rights to Obligors:**
- (a) Nothing in this Agreement creates any rights in favour of, or obligations to the Obligors and the covenants and agreements of the Senior Lender and the Subordinate Lender are not enforceable by the Obligors. No consent of the Obligors will be necessary for any amendment to this Agreement by the Senior Lender and the Subordinate Lender in order to be effective as between the Senior Lender and the Subordinate Lender.
 - (b) To the extent that the Subordinate Lender receives any monies, by realization on the Senior Security or otherwise, which it is required to pay over in whole or in part to the Senior Lender or the Subordinate Lender pursuant to the terms of this Agreement, the indebtedness of the Obligors to the Subordinate Lender shall not be reduced by the receipt of such monies.
15. **Further Assurances:** The parties hereto shall forthwith, and from time to time, execute and do all deeds, documents and things which may be necessary or advisable to give full effect to the postponement and subordination of the rights and remedies of the Subordinate Lender in respect to the Subordinate Debt to the rights and remedies of the Senior Lender in respect to the Senior Debt and the Senior Security, all in accordance with the intent of this Agreement.

16. **No Marshalling:** The Subordinate Lender hereby waives any right it may have to require the Senior Lender to marshal in its favour.
17. **Successors and Assigns:**
- (a) This Agreement is binding upon the Senior Lender, the Subordinate Lender and the Obligors and their respective successors and permitted assigns and, subject to subsection 17(b) below, shall enure to the benefit of the Senior Lender, the Subordinate Lender, the Obligors, and their respective successors and permitted assigns.
 - (b) The Subordinate Lender may not assign all or any part of its rights and obligations under this Agreement or the Subordinate Debt unless any prospective assignee enters into an assumption agreement in which it agrees to be bound by the terms of this Agreement as if an original party hereto.
 - (c) The Senior Lender may assign all or any part of its rights and obligations under this Agreement or the Senior Debt so long as the assignee enters into an assumption agreement in which it agrees to be bound by the terms of this Agreement as if an original party hereto.
 - (d) Except in accordance with subsections 17(a) and 17(b) above, third parties shall have no rights or benefits under this Agreement.
18. **Entire Agreement; Severability:** This Agreement contains the entire agreement among the parties hereto with respect to the subject matter hereof. If any of the provisions of this Agreement are subsequently held invalid or unenforceable by any court having jurisdiction, this Agreement will be construed as if not containing those provisions, and the rights and obligations of the parties hereto should be construed and enforced accordingly.
19. **Governing Law:** This Agreement shall be governed and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.
20. **Termination:** This Agreement shall terminate upon the earlier of:
- (a) the indefeasible repayment in full of the Senior Debt and the termination of the commitments under the Loan Agreement and the Factoring Agreement; and
 - (b) the written agreement of the Senior Lender and the Subordinate Lender.
21. **Counterparts; Electronic Delivery:** This Agreement may be executed and delivered (including by fax or PDF via e-mail) in any number of counterparts, which when taken together shall constitute one and the same agreement. This Agreement or any counterpart may be executed and delivered by facsimile or other electronically transmitted copies, each of which shall be deemed to be an original.
22. **Notices:** Any notice or other communication required or permitted to be given to any party hereunder shall be in writing and shall be given electronic means or by hand-delivery as hereinafter provided. Any such notice, if sent by electronic means, shall be deemed to have been received at 5:00pm EST on the day it is sent, 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 parties hereunder shall be addressed as follows:

To the Senior Lender:

Trichome Financial Corp.
150 King Street West, Suite 214
Toronto, ON M5H 1J9

Attention: Michael Ruscetta
Email: mruscetta@trichomefinancial.com

To the Subordinated Lender:

Ball Construction Ltd.
5 Shirley Ave,
Kitchener, ON N2B 2E6

Attention: Jason Ball
Telephone No.: 519-745-7365 ext 315
Email: jball@ballcon.com

To the Obligors:

530 Trillium Drive
Kitchener, ON N2R 1J4

Attention: Nathan Woodworth
Email: nathan@jwc.ca

[Signature pages follow]

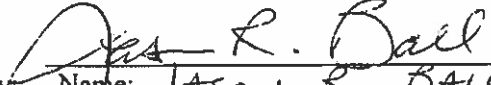
IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the date first written above.

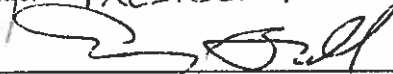
TRICHOME FINANCIAL CORP.

By: _____


Name: Michael Ruschetta
Title: Chief Financial Officer

BALL CONSTRUCTION LTD., as Subordinate Lender


By: Name: JASON R. BALL
Title: PRESIDENT


By: Name: CAMERON BALL
Title: VICE-PRESIDENT

**JAMES E. WAGNER CULTIVATION
CORPORATION**



By: Name: NATHAN WOODWORTH
Title: CEO

By: Name:
Title:

JAMES E. WAGNER CULTIVATION LTD.



By: Name: *MATTIN WAGNER*
Title: *CEO*

By: Name:
Title:

This is Exhibit "W" *referred to in the*
affidavit of Nathan Woodworth
sworn before me, this 31st
day of March, 2020

.....
A COMMISSIONER FOR TAKING AFFIDAVITS

CANOPY RIVERS CORPORATION

- and -

CANOPY GROWTH CORPORATION

- and -

JAMES E. WAGNER CULTIVATION LTD.

INVESTMENT AGREEMENT

AUGUST 11, 2017

INVESTMENT AGREEMENT

THIS AGREEMENT is made as of August 11, 2017 (the "**Execution Date**")

AMONG:

CANOPY RIVERS CORPORATION, a corporation existing under the Federal laws of Canada ("**Canopy Rivers**")

- and -

CANOPY GROWTH CORPORATION, a corporation existing under the Federal laws of Canada ("**Canopy Growth**")

- and -

JAMES E. WAGNER CULTIVATION LTD., a corporation existing under the laws of the Province of Ontario ("**JWC**")

WHEREAS JWC is engaged in the growth, cultivation, production and sale of cannabis for medical, and if permitted by Applicable Law, non-therapeutic use purposes;

AND WHEREAS Canopy Rivers subscribed for 20,000 common shares in the capital of JWC on the Execution Date for \$2,500,000;

AND WHEREAS Canopy Rivers was issued 5,000 common share purchase warrants in the capital of JWC on the Execution Date exercisable for \$125 per common share for a period of two years from the Execution Date;

AND WHEREAS Canopy Rivers acquired 13,000 common shares in the capital of JWC on the Execution Date from shareholders of JWC for \$975,000;

AND WHEREAS JWC issued a Debenture to Canopy Rivers on the Execution Date;

AND WHEREAS Canopy Growth and Canopy Rivers will provide Services to JWC pursuant to this Agreement in connection with JWC's business at the Applicable Operations;

AND WHEREAS capitalized terms when used in these preambles and not otherwise defined in the preambles shall have the respective meanings ascribed thereto in Section 1.1;

NOW THEREFORE THIS AGREEMENT WITNESSES THAT for good and valuable consideration (the receipt and sufficiency of which are hereby conclusively acknowledged), the Parties hereby agree as follows:

ARTICLE 1
INTERPRETATION

1.1 **Defined Terms**

In this Agreement, the following terms shall have the respective meanings set out below and grammatical variations of such terms shall have the corresponding meanings:

- (a) “**ACMPR**” means the Access to Cannabis for Medical Purposes *Regulations* which came into force on August 24, 2016, and as may be amended from time to time;
- (b) “**Affiliate**” has the meaning set out in the *Canada Business Corporations Act*;
- (c) “**Agreement**”, “**this Agreement**”, “**herein**”, “**hereby**”, “**hereof**”, “**hereunder**” and similar expressions mean or refer to this Agreement and any and all agreements in writing among the Parties amending this Agreement or supplemental or ancillary hereto and, unless the context otherwise requires, the expressions “**Article**”, “**Section**” or “**Schedule**” followed by a number or letter mean and refer to the specified Article or Section of, or Schedule to, this Agreement;
- (d) “**Applicable Law**” means (a) any domestic or foreign statute, law (including common and civil law), treaty, code, ordinance, rule, regulation or by-law (zoning or otherwise); (b) any judgement, order, writ, injunction, decision, ruling, decree or award; (c) any regulatory policy, practice, protocol, guideline or directive; or (d) any franchise, licence, qualification, authorization, consent, exemption, waiver, right, permit or other approval, in each case, of any Governmental Authority and having the force of law, binding on or affecting the Party referred to in the context in which the term is used or binding on or affecting the property of such Party, all of the foregoing as may exist as of the Effective Date or as may be implemented, revised or modified from time to time after the Effective Date;
- (e) “**Applicable Operations**” means Unit B, 855 Trillium Drive, Kitchener, Ontario N2R 1J3, as more particularly set out in Schedule A, including any and all expansions thereof. If the operations of JWC are moved to a new location or expanded at the currently leased location, such new or expanded location will be deemed to be the Applicable Operations for purposes of this Agreement;
- (f) “**Business Day**” means any day other than a Saturday or Sunday or any other day which shall be a statutory or civic holiday or day on which banking institutions are closed in the City of Toronto, Ontario;
- (g) “**Cannabis**” means all living or dead material, plants, seeds, plant parts or plant cells from any cannabis species or subspecies (including sativa, indica and ruderalis), including wet and dry material and trichomes. For greater certainty, the definition of Cannabis includes all dried flower Produced, whether or not such Cannabis is thereafter converted into an oil, extract or any other alternative product;
- (h) “**Confidential Information**” means the terms of this Agreement and any other information and intellectual property concerning any matters affecting or relating to the business, operations, assets, results or prospects of the Parties, including information regarding plans, budgets, costs, processes, results of experimentation and other data, except to the extent that such information has already been publicly released by a Party as allowed herein or that the

Party providing such information can demonstrate was previously publicly released by a Person who did not do so in violation or contravention of any duty or agreement;

- (i) **"Debenture"** means the debenture issued by JWC to Canopy Rivers on the Execution Date with a maximum drawdown amount of \$2.5 million, as may be amended, supplemented, otherwise modified, restated or replaced from time to time;
- (j) **"Financing Transaction"** has the meaning set out in Section 5.1(a);
- (k) **"Governmental Authorities"** means any municipal, regional, provincial or federal governments and their agencies, authorities, branches, departments, commissions or boards, having or claiming jurisdiction over JWC and/or JWC's assets, and **"Governmental Authority"** shall mean any one of the Governmental Authorities as the context requires;
- (l) **"Lease"** means the lease entered into between Blue Top Properties (855 Trillium) Inc. and James E. Wagner Cultivation Ltd dated December 13, 2013;
- (m) **"License"** means a license issued to JWC pursuant to (i) the ACMPR to permit JWC to begin selling cannabis products to a person to whom an exemption relating to the substance has been granted under section 56 of the *Controlled Drugs and Substances Act* in accordance with subsection 22(2) of the ACMPR; or (ii) other Applicable Law granting JWC the same authority as clause (i), and/or if permitted under Applicable Law, non-medical uses;
- (n) **"Losses"** means damages, fines, penalties, deficiencies, losses, liabilities, including settlements and judgments, costs and expenses of any kind, character or description (including payments, refunds and delivery of additional goods and/or services, interest, reasonable fees and expenses of legal counsel, or other professionals);
- (o) **"Offtake Agreement"** means the cannabis offtake agreement entered into among Canopy Growth and JWC on the Execution Date, as may be amended, supplemented, otherwise modified, restated or replaced from time to time;
- (p) **"Parties"** means Canopy Rivers, Canopy Growth and JWC collectively, and **"Party"** means any of them as the context requires;
- (q) **"Person"** means any individual, corporation or other body corporate, partnership, trustee, trust or unincorporated association, joint venture, syndicate, sole proprietorship, other form of business enterprise, executor, administrator or other legal representatives, regulatory body or agency or Governmental Authority, however designated or constituted;
- (r) **"Produced"** means grown, generated, produced or manufactured;
- (s) **"Provided Genetics"** has the meaning set out in Section 2.2;
- (t) **"Redacted Information"** means all dollar-related pricing information contained in this Agreement or the Transaction Documents;
- (u) **"Redaction Requirement"** has the meaning set out in Section 9.1(a);
- (v) **"Reverse Takeover"** means a transaction (whether by way of initial public offering, reverse takeover, dividend or some other form of business combination or arrangement) that will

result in JWC or a resulting issuer being a “reporting issuer” in at least one province or territory of Canada and having securities that are listed on a recognized public stock exchange;

- (w) “**ROFO Cannabis Offer**” has the meaning set out in Section 5.2(a);
- (x) “**ROFO Cannabis Period**” has the meaning set out in Section 5.2(b);
- (y) “**ROFR Offer**” has the meaning set out in Section 5.1(a);
- (z) “**ROFR Period**” has the meaning set out in Section 5.1(b);
- (aa) “**Royalty Agreement**” means the royalty agreement entered into among Canopy Rivers and JWC on the Execution Date with respect to the royalty equal to \$0.375 per gram of Cannabis Produced at the Applicable Operations, as may be amended, supplemented, otherwise modified, restated or replaced from time to time;
- (bb) “**Services**” has the meaning set out in Section 2.1;
- (cc) “**Term**” has the meaning set out in Section 11.1;
- (dd) “**Third Party Offer**” has the meaning set out in Section 5.1(a); and
- (ee) “**Transaction Documents**” means the Debenture, the Offtake Agreement, the Royalty Agreement and any other documentation entered into among the Parties on the Execution Date.

1.2 Rules of Construction

In this Agreement:

- (a) the terms “Agreement”, “this Agreement”, “the Agreement”, “hereto”, “hereof”, “herein”, “hereby”, “hereunder” and similar expressions refer to this Agreement in its entirety and not to any particular provision hereof;
- (b) references to an “Article”, “Section” or “Schedule” followed by a number or letter refer to the specified Article or Section of or Schedule to this Agreement;
- (c) the division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement;
- (d) words importing the singular number only shall include the plural and vice versa and words importing the masculine gender shall include the feminine and neuter genders and vice versa;
- (e) unless otherwise indicated, any reference to a statute, regulation or rule shall be construed to be a reference thereto as the same may from time to time be amended, re-enacted or replaced, and any reference to a statute shall include any regulations or rules made thereunder;

- (f) the words "include", "includes" and "including" mean "include", "includes" or "including", in each case, "without limitation";
- (g) reference to any agreement or other instrument in writing means such agreement or other instrument in writing as amended, modified, replaced or supplemented from time to time;
- (h) unless otherwise indicated, time periods within which a payment is to be made or any other action is to be taken hereunder shall be calculated excluding the day on which the period commences and including the day on which the period ends; and
- (i) whenever any payment to be made or action to be taken hereunder is required to be made or taken on a day other than a Business Day, such payment shall be made or action taken on the next following Business Day.

1.3 Currency

Unless otherwise indicated, all dollar amounts in this Agreement are expressed in Canadian dollars.

1.4 Schedules

The following Schedules are attached to and form an integral part of this Agreement:

Schedule A - Applicable Operations

ARTICLE 2
STRATEGIC SUPPORT SERVICES

2.1 Strategic Support Services

As an inducement for entering into the Transaction Documents, Canopy Rivers and Canopy Growth shall provide upon JWC's request the following non-exclusive services at no additional cost to JWC (the "Services") to JWC in connection with the Applicable Operations:

- (i) a one-time review of JWC's standard operating procedures and constructive commentary on JWC's operations, procedures and related matters;
- (ii) two precautionary inspections of JWC's Applicable Operations in order to prepare JWC for the inspection from Health Canada prior to the issuance of the License for the Applicable Operations;
- (iii) capital markets consulting services as and when required by JWC until the first anniversary of the Execution Date, including:
 - (A) advice and assistance in structuring a reverse takeover or other initial public offering strategy;
 - (B) assisting in arranging broker/research/investor introductions as reasonably requested by JWC;

- (C) reviewing and providing advice and feedback on financing and strategic advisory proposals;
 - (D) reviewing and providing advice and feedback on marketing materials; and
 - (E) providing public disclosure of Canopy Rivers' and XIB Consulting Inc.'s involvement with JWC, including their security holdings and strategic support initiatives;
- (iv) access to the genetic cultivated variety known as Tweed Lot #3 pursuant to the license agreement between Canopy Growth and JWC dated December 1, 2016, provided that:
- (A) JWC shall no longer be required to pay to Canopy Growth a royalty in an amount equal to 7% of the gross sales of Tweed Lot #3;
 - (B) any and all sales by JWC of Tweed Lot #3 shall include Tweed branding on all Tweed Lot #3 related materials, including but not limited to, labelling, packaging and online content, as may be determined by Canopy Growth, acting reasonably;
 - (C) any updates, modifications or improvements to, or any derivative works created from, Tweed Lot #3 that are sold by JWC shall include recognition that such product was developed using Tweed Lot #3; and
 - (D) JWC shall inform Canopy Growth of any updates, modifications or improvements to, or any derivative works created from, Tweed Lot #3; and
- (v) access to two genetic cultivated varieties of Cannabis in seed form, as mutually agreed between Canopy Growth and JWC.

2.2 License for Provided Genetics

The genetic cultivated varieties provided in accordance with Section 2.1(v) (the "Provided Genetics") will be provided by Canopy Growth pursuant to a non-exclusive, non-transferable license to use the Provided Genetics for the purposes of growing and selling Cannabis in Canada.

2.3 Liability for Services

JWC acknowledges that Canopy Rivers and Canopy Growth:

- (i) provide no representations or warranties in connection with the Services;
- (ii) are providing recommendations and not any legal or regulatory advice in connection with the Services; and
- (iii) shall not be liable for any Losses in connection with the Services.

ARTICLE 3
RIGHTS AS A SHAREHOLDER

3.1 **Canopy Rivers Rights**

(a) Until such time as the common shares of JWC (or a resulting issuer in the event of a Reverse Takeover) are listed on a recognized stock exchange in Canada, except with the prior written consent or waiver, as the case may be, of Canopy Rivers, JWC shall:

- (i) not have the right to make any amendments to the provisions attaching to the common shares, Class A special shares, Class B special shares, Class C special shares, Class D special shares or Class E special shares;
- (ii) not have the right to authorize, create or issue any other class of shares;
- (iii) furnish to Canopy Rivers unaudited financial statements within 90 days after the end of each fiscal quarter and audited financial statements within 140 days after each fiscal year end; and
- (iv) grant Canopy Rivers the right to subscribe for and to be issued as part of any public offering or private placement, at the subscription price and otherwise substantially on the same terms and conditions, up to such number of securities that will (and if applicable, assuming conversion, exercise or exchange of all of the convertible, exercisable or exchangeable securities that are issued in connection with the public offering or private placement) allow Canopy Rivers to maintain a percentage equity ownership interest that is the same as the percentage equity ownership interest that it had immediately prior to completion of the public offering or private placement (including any warrants on an as-converted basis), subject to Canopy Rivers exercising such right within 10 Business Days after the receipt of notice from JWC of such right.

(b) The provisions of this Section 3.1 shall also apply to a resulting issuer in the event of a Reverse Takeover and any resulting issuer will be required to sign an accession agreement, in form and substance satisfactory to Canopy Rivers and Canopy Growth, pursuant to which the resulting issuer agrees to assume the obligations of JWC under this Agreement and the Transaction Documents.

ARTICLE 4
USE OF PROCEEDS

4.1 **Use of Proceeds**

The proceeds of the Debenture may only be used by JWC to finance its working capital requirements in connection with the Applicable Operations and up to \$500,000 may be used to finance costs associated with a go public transaction, and JWC covenants to use the funds in such manner.

ARTICLE 5
PREFERENTIAL RIGHTS

5.1 Right of First Refusal

(a) If at any time during the Term, JWC, either directly or indirectly, receives a *bona fide* written offer (the “**Third Party Offer**”) from a Person that JWC is willing to accept, with respect to any streaming, royalty, forward, hedging or similar transaction (a “**Financing Transaction**”), whether at the Applicable Operations or otherwise, JWC shall promptly provide Canopy Rivers with notice of all terms and conditions of the Third Party Offer together with an offer of JWC to Canopy Rivers (the “**ROFR Offer**”) to enter into a Financing Transaction on the same terms and conditions as set forth in the Third Party Offer, including without limitation, as to price.

(b) The ROFR Offer shall remain open and irrevocable until the expiration of 20 Business Days (the “**ROFR Period**”) after Canopy Rivers’ receipt of the ROFR Offer.

(c) If Canopy Rivers does not exercise its rights under this Section 5.1 within the ROFR Period, JWC may complete the Third Party Offer on terms and conditions no less favourable to JWC than the terms and conditions set out in the ROFR Offer.

(d) If the Third Party Offer is not entered into within 30 days of the end of the ROFR Period or it is proposed that the Third Party Offer be entered into on terms and conditions less favourable to JWC than the terms and conditions set out in the ROFR Offer, JWC must deliver a new ROFR Offer to Canopy Rivers, it being understood and agreed that the same shall be treated as a new ROFR Offer pursuant to the provisions of Section 5.1(a).

5.2 Cannabis Offtake Right of First Offer

(a) If at any time during the Term, JWC, either directly or indirectly, intends to sell any Cannabis Produced at the Applicable Operations or otherwise to an arm’s length third Person, other than a retail consumer as permitted by Applicable Law, including without limitation, pursuant to an offtake or similar transaction, JWC shall promptly give written notice to Canopy Rivers and offer Canopy Rivers the opportunity to make an offer for the Cannabis (the “**ROFO Cannabis Offer**”). The ROFO Cannabis Offer shall include all material terms of the intended transaction including without limitation, the purchase price for the Cannabis.

(b) The ROFO Cannabis Offer shall remain open and irrevocable until 10 Business Days after Canopy Rivers’ receipt of the ROFO Cannabis Offer (the “**ROFO Cannabis Period**”).

(c) If Canopy Rivers does not exercise its rights under this Section 5.2 within the ROFO Cannabis Period, JWC may complete the sale of Cannabis or enter into such offtake or similar transaction on terms and conditions no less favourable to JWC than the terms and conditions set out in the ROFO Cannabis Offer.

(d) If the sale of Cannabis is not completed or such offtake or similar transaction is not entered into within 90 days of the end of the ROFO Cannabis Period or it is proposed that such transaction(s) be completed on terms and conditions less favourable to JWC than the terms and conditions set out in the ROFO Cannabis Offer, JWC must deliver a new ROFO Cannabis Offer to Canopy Rivers, it being understood and agreed that the same shall be treated as a new ROFO Cannabis Offer pursuant to the provisions of Section 5.2(a).

5.3 **Affiliates of JWC**

(a) The provisions of Article 5 shall apply, *mutatis mutandis*, to any and all Affiliates of JWC and any resulting issuer in the event of a Reverse Takeover.

ARTICLE 6
CONDITIONS PRECEDENT

6.1 **Closing Conditions**

At or before the Execution Date, Canopy Rivers and Canopy Growth shall have received:

- (i) a certificate dated the Execution Date, signed by two officers of JWC addressed to Canopy Rivers and Canopy Growth and their counsel, with respect to the constating documents of JWC (including all of JWC's articles and by-laws), all resolutions of JWC's board of directors relating to this Agreement and the Transaction Documents and otherwise pertaining to the transactions contemplated hereby and thereby, the incumbency and specimen signatures of signing officers, registers of the shareholders, directors and officers of JWC and such other matters as Canopy Rivers or Canopy Growth may reasonably request;
- (ii) evidence that all requisite approvals, consents and acceptances of the board of directors of JWC and any other applicable third Persons required to be made or obtained by JWC in connection with the transactions contemplated by the Transaction Documents have been made or obtained, on terms acceptable to Canopy Rivers and Canopy Growth, acting reasonably;
- (iii) a certificate of status or similar certificate from the jurisdictions in which JWC is incorporated;
- (iv) all due diligence documentation reasonably requested by Canopy Rivers, Canopy Growth or their counsel in connection with their financial, regulatory and legal due diligence investigations;
- (v) executed copies of all Transaction Documents;
- (vi) JWC shall raise a minimum of \$1,800,000 from strategic and high net worth investors in the form of equity investments at a valuation equal to or greater than \$125 per share pre-money;
- (vii) share certificates or other evidence of Canopy Rivers' subscription for 20,000 common shares in the capital of JWC against payment at the direction of JWC by wire transfer of an amount equal to \$2,500,000;
- (viii) warrant certificates of Canopy Rivers' acquisition of 5,000 common share purchase warrants in the capital of JWC;
- (ix) share certificates or other evidence of Canopy Rivers' acquisition of 13,000 common shares in the capital of JWC against payment of an amount equal to \$975,000;

- (x) a legal opinion addressed to Canopy Rivers and Canopy Growth, in form and substance satisfactory to Canopy Rivers and Canopy Growth and their counsel, acting reasonably, dated as of the Execution Date, from counsel for JWC with respect to the following matters:
 - (A) as to the incorporation and subsistence of JWC and as to JWC having the requisite corporate power and capacity to carry on business and to own, lease and operate its properties and assets;
 - (B) as to the authorized and issued capital of JWC;
 - (C) as to the corporate power and authority of JWC to execute, deliver and perform its obligations under this Agreement and the Transaction Documents;
 - (D) all necessary corporate action having been taken by JWC to authorize the execution and delivery by it of this Agreement and the Transaction Documents and the performance by JWC of its obligations hereunder and thereunder;
 - (E) each of this Agreement and the Transaction Documents having been duly authorized, executed and delivered by JWC and constituting a valid and legally binding obligation of JWC enforceable against it in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, liquidation, reorganization, moratorium or similar laws affecting the rights of creditors generally and except as limited by the application of equitable principles when equitable remedies are sought, and the qualification that the enforceability of rights of indemnity, contribution and waiver and the ability to sever unenforceable terms may be limited by applicable law;
 - (F) the execution and delivery of this Agreement and the Transaction Documents and the performance by JWC of its obligations hereunder and thereunder, do not and will not result in a breach of or default under, and do not and will not create a state of facts which, after notice or lapse of time or both, will result in a breach of or default under, and do not and will not conflict with the constating documents of JWC, any resolutions of the shareholders or directors (including committees of the board of directors) of JWC or any Applicable Law; and
 - (G) such other matters as Canopy Rivers and Canopy Growth or their counsel may reasonably request;
- (xi) such additional evidence, information, documents, instruments, waivers or undertakings as Canopy Growth and Canopy Rivers may reasonably require to conclude the transactions contemplated by this Agreement and the Transaction Documents and to be satisfied that all proceedings in connection with this Agreement and the Transaction Documents are being taken in compliance with the other conditions set out in this Agreement.

ARTICLE 7
REPRESENTATIONS AND WARRANTIES; COVENANTS

7.1 Representations and Warranties

Each Party hereby represents and warrants to the other Party that at the date of signing this Agreement the following representations and warranties are true and correct in all material respects:

- (i) **Organization; Status; Formation and Organization Documents.** Such Party is duly formed and organized and validly subsisting under the laws of its respective jurisdiction of incorporation and is qualified to do business in the Province of Ontario and has all requisite corporate power and authority to execute, deliver and perform its obligations under this Agreement.
- (ii) **No Conflicts.** The execution and delivery of this Agreement, the performance by the Party of its obligations hereunder and the consummation of the transactions contemplated by this Agreement do not and will not conflict with, or result (with or without notice or the lapse of time) in a breach or violation of, or constitute a default under, any of the terms or provisions of: (i) the constating documents of the Party; (ii) the resolutions of the Party's shareholders or directors (or any committee thereof) which are in effect; (iii) any judgment, writ, injunction, degree or order of a court, arbitrator or Governmental Authority that is binding on the Party; (iv) any contract or agreement to which the Party is subject or by which the Party is bound; or (v) Applicable Law.
- (iii) **Enforceability.** This Agreement has been duly executed and delivered by such Party and is a valid and binding obligation of such Party enforceable against it, in accordance with its terms, except as the enforcement thereof may be limited by bankruptcy, insolvency or other laws of general application affecting the enforcement of creditors' rights and subject to the qualification that specific performance and injunction, being equitable remedies, may only be granted in the discretion of a court of competent jurisdiction.

7.2 Covenants

JWC hereby covenants to Canopy Rivers and Canopy Growth, and acknowledges that Canopy Rivers and Canopy Growth are relying on such covenants in connection with entering into this Agreement, that JWC shall:

- (i) remain a corporation validly subsisting under the laws of the Province of Ontario, licensed, registered or qualified as an extra-provincial or foreign corporation in all jurisdictions where the nature of JWC's business make such licensing, registration or qualification necessary;
- (ii) carry on its business, perform all operations and activities in connection with its business in a commercially reasonable manner and in compliance in all material respects with all Applicable Laws, in accordance with all material terms of any permits, certificates, licences, approvals, consents and other authorizations required to be obtained from Governmental Authorities and in a manner not materially inconsistent with accepted practice for comparable businesses in Canada;

- (iii) maintain all records used to determine the Cannabis Produced at the Applicable Operations;
- (iv) maintain and continue to maintain a system of internal accounting controls sufficient to provide reasonable assurances that: (A) transactions are executed in accordance with management's general or specific authorization; and (B) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain accountability for assets;
- (v) maintain all permits, certificates, licences, approvals, consents and other authorizations required to be obtained from the appropriate Governmental Authorities necessary to conduct its business;
- (vi) maintain the Applicable Operations, including the Lease, in good standing (by among other things performing all assessment work and paying all Lease payments, taxes and fees payable under Applicable Law, the Lease or otherwise on the Applicable Operations), duly maintain books and records in respect of the Applicable Operations in accordance with industry standards, and shall continue to operate its assets in respect of the Applicable Operations in accordance with best practices; and
- (vii) use all commercially reasonable efforts to ensure the owner of the Applicable Operations shall maintain the Applicable Operations in good standing (by among other things performing all assessment work and paying all taxes and fees payable under Applicable Law or otherwise on the Applicable Operations).

ARTICLE 8
INDEMNIFICATION; GUARANTEE

8.1 Indemnification

(a) JWC indemnifies and agrees to save harmless Canopy Rivers and Canopy Growth and each of their Affiliates and each of their directors, officers and employees, from and against any and all Losses suffered or incurred by Canopy Rivers and Canopy Growth or (if applicable) any of their Affiliates, and its and their directors, officers and employees as a result of, on account of or by reason of any and all actions, causes of action, proceedings, claims or demands relating to, arising from or in connection with:

- (i) a breach of this Agreement;
- (ii) the negligence, wilful misconduct, fraud or dishonesty of JWC or any of its Representatives in connection with the performance of their respective obligations under this Agreement;
- (iii) the provision of, and reliance by JWC on, the Services provided there was no negligence, wilful misconduct, fraud or dishonesty of Canopy Rivers and Canopy Growth or any of their Representatives in connection with the performance of the Services; or
- (iv) any failure by JWC or its Representatives to comply with any Applicable Laws.

(b) Notwithstanding any other provision of this Agreement, Canopy Rivers and Canopy Growth shall be entitled to indemnification and all other remedies available to it at law or in equity, including claims for specific performance and injunctive relief in connection with or in respect of any breach or default by JWC.

8.2 Indemnification Procedures

(a) If Canopy Rivers or Canopy Growth intends to seek indemnification from JWC it shall give prompt written notice to JWC of the Claim to which the indemnity applies. Such notice shall provide in reasonable detail any information that Canopy Rivers or Canopy Growth may have with respect to the Claim (including copies of any summons, complaints, or other pleadings which may have been served on Canopy Rivers or Canopy Growth or its agents and any written claim, demand, invoice, billing, or other document evidencing the same). Such notice shall also specify whether the Claim arises as a result of a Claim asserted by a Person that is not a Party against Canopy Rivers or Canopy Growth (a "Third Party Claim") or whether the Claim is asserted directly by Canopy Rivers or Canopy Growth (a "Direct Claim"). Failure to give prompt notice of a matter which may give rise to indemnification hereunder shall not affect the rights of Canopy Rivers or Canopy Growth to seek indemnification hereunder so long as such failure to so notify does not adversely affect in any material respect JWC's ability to defend the matter for which indemnification is sought.

(b) With respect to any Third Party Claim, JWC shall have the right to control the defence of the matter for which indemnification is sought under this Agreement, provided that JWC must conduct the defence actively and diligently thereafter in order to preserve its rights in this regard; and provided further, however, that JWC may not consent to the entry of any judgment or enter into any settlement with respect to the Third Party Claim without the prior written consent of Canopy Rivers or Canopy Growth (which consent shall not be unreasonably withheld or delayed) unless the judgment or proposed settlement involves only the payment of money damages, resolves the Third Party Claim entirely, does not impose an injunction or other equitable relief upon Canopy Rivers or Canopy Growth, and does not result in any admission by Canopy Rivers or Canopy Growth of any liability for which Canopy Rivers or Canopy Growth is not fully indemnified for hereunder. Canopy Rivers or Canopy Growth shall have the right to have its own counsel participate in the defence, provided that the fees and disbursements of such counsel shall be paid by Canopy Rivers or Canopy Growth unless JWC consents to the retention of such counsel by it or unless the representation of both JWC and Canopy Rivers or Canopy Growth by the same counsel would be inappropriate due to the actual or potential differing interests between them (such as the availability of different defences). If JWC fails to defend the Third Party Claim within a reasonable time, Canopy Rivers or Canopy Growth shall be entitled to assume that conduct, and JWC shall be bound by the results obtained by Canopy Rivers or Canopy Growth with respect to that Third Party Claim.

(c) With respect to any Direct Claim, following receipt of notice from Canopy Rivers or Canopy Growth of the Claim, JWC shall have 60 days to make such investigation of the Claim as is considered reasonably necessary. For the purpose of such investigation, Canopy Rivers or Canopy Growth shall make available to JWC the information relied upon by Canopy Rivers or Canopy Growth to substantiate the Claim, together with all such other information as JWC may reasonably request. If both Parties agree at or prior to the expiration of such 60 day period (or any mutually agreed upon extension thereof) to the validity and amount of such Claim, JWC shall immediately pay to Canopy Rivers or Canopy Growth the full agreed upon amount of the Claim.

(d) JWC waives any right it may have to require Canopy Rivers or Canopy Growth to proceed against or enforce any other right, power, remedy or security or to claim payment from any other Person before claiming under the indemnity provided for in this Article 8. It is not necessary for Canopy Rivers or Canopy Growth to incur expense or make payment before enforcing that indemnity. Nothing

herein limits or restricts the obligation of a Party to account for any net tax benefit or any recovery, settlement or otherwise or under or pursuant to any insurance coverage, or pursuant to any claim, recovery, settlement or payment by or against any other Persons.

(e) Canopy Rivers and Canopy Growth accept each indemnity in favour of each of the indemnified parties that is not a party to this Agreement, as agent and trustee and may enforce any such indemnity on their behalf.

ARTICLE 9

CONFIDENTIALITY; PUBLIC ANNOUNCEMENTS

9.1 Confidentiality

(a) All Confidential Information shall be treated as confidential by the Parties and shall not be disclosed to any other Person other than in circumstances where a Party has an obligation to disclose such information in accordance with Applicable Law, in which case, such disclosure shall only be made after consultation with the other Parties (if reasonably practicable and permitted by Applicable Law) provided that any public disclosure of such information shall always omit or redact the Redacted Information (the “Redaction Requirement”) and, in the case of a public announcement required by Applicable Law, shall only be made in accordance with Section 9.2.

(b) Notwithstanding the foregoing, each of the Parties acknowledges and agrees that:

- (i) each of the Parties may disclose Confidential Information, subject to the Redaction Requirement, to:
 - (A) a person providing financing or funding to such Party in respect of its obligations hereunder;
 - (B) any prospective purchaser of such Party’s interest, or a portion thereof, under this Agreement or any of the Transaction Documents, together with such prospective purchaser’s financiers, consultants and advisors (financial and legal),

so long as, in each case, prior to receiving any such information the recipient enters into a confidentiality agreement with the disclosing Party pursuant to which the recipient provides a confidentiality undertaking in favour of the other Parties to maintain the confidentiality of the Confidential Information in a manner consistent with this Agreement;

- (ii) each of the Parties may disclose Confidential Information to their respective directors, officers and employees (and the directors, officers and employees of their respective Affiliates) and the directors, officers, partners or employees of any financial, accounting, legal and professional advisors of such Party and its Affiliates, as well as any contractors and subcontractors of such Party, provided that each of such individuals to whom Confidential Information is disclosed is advised of the confidentiality of such information and is directed to abide by the terms and conditions of this Section 9.1.

(c) For greater certainty, and as a general condition of completing the transactions noted in this Agreement, the receiving party agrees and acknowledges that any disclosure of the Confidential Information will result in material financial loss and prejudice to the competitive position of the

disclosing party, as well as interference with the disclosing party's contractual relations and negotiations with third parties, and that the Confidential Information is provided solely for the purpose of this Agreement. The disclosing party does not authorize the receiving party to waive any applicable privilege and does not authorize the release of the Confidential Information, in whole or in part, by the receiving party to any third parties, other than as expressly permitted by this Agreement. Further, the receiving party agrees to actively oppose and assert public interest and all other applicable forms of privilege in response to any attempts by third parties to gain access to the Confidential Information from the receiving party. The receiving party also agrees to notify the disclosing party of any request for disclosure of the Confidential Information forthwith upon receipt of any such request whether in writing or otherwise.

9.2 Public Announcements

During the Term, each Party shall, if practicable in advance of making, or any of its Affiliates making, a public announcement concerning this Agreement or the matters contemplated herein to a stock exchange or as otherwise required by Applicable Law, advise the other Parties of the text of the proposed public announcement and, to the extent legally permitted, provide such other Parties with a reasonable opportunity to comment on the content thereof. If any of the Parties determines that it is required to publish or disclose the text of this Agreement in accordance with Applicable Law, it shall comply with the Redaction Requirement and provide the other Parties with an opportunity to propose appropriate additional redactions to the text of this Agreement, and the disclosing Party hereby agrees to accept any such suggested redactions to the extent permitted by Applicable Law. If a Party does not respond to a request for comments within 48 hours (excluding days that are not Business Days) or such shorter period of time as the requesting Party has determined is necessary in the circumstances, acting reasonably and in good faith, the Party making the disclosure shall be entitled to issue the disclosure without the input of the other Parties. The Party making the announcement shall disclose, or permit the disclosure of, only that portion of Confidential Information required to be disclosed by Applicable Law. The final text of the disclosure and the timing, manner and mode of release shall be the sole responsibility of the Party issuing the disclosure.

9.3 Duration of Confidentiality

The provisions of this Article 9 shall apply indefinitely.

**ARTICLE 10
GOVERNING LAW; DISPUTES**

10.1 Governing Law

(a) This Agreement will be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

Each of the Parties hereby irrevocably attorns and submits to the arbitral jurisdiction set out in Section 10.5 and, with respect to any matters not determined by arbitration, to the non-exclusive jurisdiction of the courts of Ontario, Canada respecting all matters relating to this Agreement and the rights and obligations of the Parties hereunder. The Parties hereby agrees that service of any legal proceedings relating to this Agreement may be made by physical delivery thereof to its address provided in, or in accordance with, Section 12.1, as applicable.

10.2 Disputes

(a) All Disputes will be resolved in accordance with the procedures set out in this Article 10 (the “**Dispute Resolution Procedures**”).

(b) For the purposes of this Article 10, the word “**Documents**” includes a sound recording, videotape, film, photograph, chart, graph, map, plan, survey, book of account, and data and information in electronic form.

(c) This Article 10 shall survive the expiry or earlier termination of this Agreement.

(d) Except as otherwise provided in Section 10.5(k) or otherwise expressly provided in this Agreement, each Party will be responsible at its own sole cost and expense for its own costs in connection with the disclosure of Documents, or the resolution of Disputes, including all fees, disbursements and other charges of all accountants, lawyers and other professionals, experts, whether testifying or not, and witnesses and all costs for preparation for, travel to and attendance at negotiation meetings, mediation conferences or arbitration proceedings commenced, conducted or required in accordance with these Dispute Resolution Procedures regardless of the outcome.

10.3 Amicable Resolution of Disputes

(a) The Parties will make all reasonable efforts at all times to resolve all Disputes by good faith, amicable negotiations before resorting to resolution by mediation or arbitration pursuant to Section 10.4 and Section 10.5. The dispute resolution by a mediator or an arbitrator contemplated in Section 10.4 and Section 10.5 is not intended to substitute for the Parties’ mutual ongoing commitment to resolve Disputes in good faith as between themselves.

(b) The Parties agree to provide on an ongoing “without prejudice” basis (subject to any claim for privilege asserted by a Party, including any ruling as to privilege or relevance made by any arbitrator during an arbitration conducted under this Article 10), frank, candid, and timely disclosure of all relevant facts, information and Documents to facilitate negotiations with respect to the resolution of a Dispute.

(c) Either Party may commence a dispute resolution by delivering a written notice of dispute (“**Notice of Dispute**”) to the other Party. The Party delivering a Notice of Dispute is referred to herein as the “**Claimant**”; the Party receiving the Notice of Dispute shall be referred to herein as the “**Respondent**”.

(d) The Notice of Dispute shall include:

- (i) a demand that the Dispute be referred to dispute resolution pursuant to this Article 10;
- (ii) a general description of the Dispute; and
- (iii) the relief or remedy sought.

10.4 Resolution by Mediation

(a) If a Dispute remains unresolved following negotiations among the Parties, then either Party may, upon written notice to the other delivered within ten Business Days following receipt of the Notice of Dispute, refer such dispute to non-binding mediation.

(b) Each Party will work with the other to select an acceptable mediator and the appropriate rules of mediation, and to work with the mediator to resolve the Dispute. The mediation process shall continue until the Dispute is resolved or until either the mediator makes a finding that there is no possibility of settlement through the mediation or one of the Parties elects not to continue the mediation ("**Mediation Termination**").

(c) The place of mediation shall be Toronto, Ontario.

(d) The language of the mediation shall be in English.

10.5 Arbitration

(a) In the event of Mediation Termination, either Party may at any time thereafter, by written notice to the other Party, require that such Dispute be resolved on an expedited basis by an independent, qualified and experienced expert (the "**Expert**") or a panel of three Experts (the "**Panel**").

(b) The Expert or Panel shall be appointed as follows:

(i) if the Parties agree on an Expert, the Parties shall jointly appoint the Expert as soon as possible and, in any event, within five Business Days after delivery of the notice requiring that the Dispute be resolved by an Expert (the "**Expert Appointment Deadline**"); and

(ii) if the Parties fail to agree or fail to jointly appoint the Expert by the Expert Appointment Deadline, each Party shall appoint one Expert no later than five Business Days after the Expert Appointment Deadline. If a Party fails to appoint an Expert within five Business Days after the Expert Appointment Deadline, the Expert appointed by the other Party shall be deemed to have been jointly appointed by both Parties and such Expert shall resolve the Dispute. If an Expert has been appointed by each Party, such Experts shall, within five Business Days after their appointment, jointly appoint a third Expert. If the two Experts fail to appoint a third Expert within the required time, either of the Parties may apply to the Ontario Superior Court of Justice for appointment of the third Expert, in which case the court shall appoint the third Expert at the earliest opportunity.

(c) The Expert or Panel shall be impartial and independent of the Parties or any consultant, sub-consultant, contractor or subcontractor of either of them in accordance with the IBA Guidelines on Conflicts of Interest in International Arbitration adopted by resolution of the IBA Council on October 23, 2014. The Expert or Panel shall at all times be neutral and act impartially and shall not act as advocates for the interests of the Party who appointed them.

(d) The Expert or Panel, as the case may be, will be appointed on a Dispute by Dispute basis, with each Expert having the qualifications and experience relevant to the issues in the particular Dispute for which the Expert or Panel, as the case may be, is appointed.

(e) The Expert or Panel, as the case may be, shall determine the appropriate process for timely and cost effective resolution of the Dispute and, without limitation, the Expert or Panel, as the case may be, has discretion to, among other things:

- (i) solicit submissions and Documents from the Parties, and impose deadlines for the receipt of such submissions;
- (ii) require some or all of the evidence to be provided by affidavit;
- (iii) direct either or both Parties to prepare and provide the Expert or Panel, as the case may be, with such Documents or other things as the Expert or Panel, as the case may be, may require to assist it/them in the resolution of the Dispute and rendering of a decision;
- (iv) require either Party to supply or prepare for examination by the Expert or Panel, as the case may be, and the other Party, any document or information the Expert or Panel, as the case may be, considers necessary;
- (v) convene meetings of the Parties to have the Parties discuss the issues in Dispute in the presence of the Expert or Panel, as the case may be; and
- (vi) take, or require either or both Parties to take and provide to the Expert or Panel, as the case may be, such measurements, perform such tests, audit such processes and procedures, and take any and all such other measures and steps as the Expert or Panel, as the case may be, considers necessary to make a final determination in the Dispute.

(f) The Expert or Panel, as the case may be, shall render a decision as soon as possible and, in any event, shall use all reasonable efforts to render a decision no later than ten Business Days after the date of the appointment of the Expert or in the case of a Panel, the appointment of the third Expert, or such longer period of time as agreed to in writing by the Parties. The Expert or Panel, as the case may be, shall give reasons or a summary of reasons for the Expert's or Panel's decision, as the case may be.

(g) The Expert or Panel, as the case may be, shall keep all information about the Dispute confidential and shall not disclose such information to anyone other than the Parties.

(h) The Parties agree that the Expert's or Panel's, as the case may be, determination shall be final or binding on the Parties and neither Party shall be entitled to appeal such determination, except as may be permitted by Applicable Law in Ontario.

(i) While the Dispute remains outstanding, both Parties shall continue to perform their respective obligations, duties and responsibilities under this Agreement.

(j) The Expert or Panel shall be authorized only to interpret and apply the provisions of this Agreement and, except as expressly provided herein, has no power or authority to modify or change this Agreement in any manner.

(k) The Expert or Panel may decide which Party will bear the costs of the Dispute Resolution Procedures including the fees and disbursements of the Expert or Panel, any other costs of the Dispute Resolution Procedures and the costs and expenses of the nature contemplated in Section 10.2 incurred by the successful Party in connection with the Dispute Resolution Procedures. The Expert or Panel may

apportion such costs between the Parties if the Expert or Panel considers it just and reasonable to do so in the circumstances.

10.6 **Restrictions**

A Party shall not have the right to initiate any Dispute Resolution Procedures in the event that, and for so long as, the Party is a defaulting Party.

ARTICLE 11
TERMINATION

11.1 **Term**

This Agreement shall commence on the date hereof and shall continue until the date that all of the Transactions Documents have terminated in accordance with their provisions (the "Term") at which time the Term shall terminate, provided that any rights and obligations, including indemnities, that have accrued before the date of termination shall survive such termination.

ARTICLE 12
GENERAL PROVISIONS

12.1 **Notices**

Any notice, certificate, consent, determination or other communication required or permitted to be given or made under this Agreement shall be in writing and shall be given in writing and shall be given by actual delivery or by email to its address, address set out below, addressed to the recipient as follows:

- (i) if to Canopy Rivers, at:

Canopy Rivers Corporation
1 Hershey Drive
Smiths Falls, Ontario
K7A 0A8

Attention: Bruce Linton, Chief Executive Officer
Email: bruce@canopygrowth.com

with a copy to:

Cassels Brock & Blackwell LLP
2100 Scotia Plaza, 40 King Street West
Toronto, Ontario, M5H 3C2

Attention: John Vettese
Email: jvettese@casselsbrock.com

- (ii) if to Canopy Growth, at:

Canopy Growth Corporation
1 Hershey Drive

Smiths Falls, Ontario
K7A 0A8

Attention: Bruce Linton, Chairman and Chief Executive Officer
Email: bruce@canopygrowth.com

with a copy to:

Cassels Brock & Blackwell LLP
2100 Scotia Plaza, 40 King Street West
Toronto, Ontario, M5H 3C2

Attention: John Vettese
Email: jvettese@casselsbrock.com

(iii) if to JWC, at:

James E. Wagner Cultivation Ltd.
855 Trillium Drive, Unit 2
Kitchener, Ontario
N2R 1J9

Attention: Nathan Woodworth
Email: nathan.woodworth@gmail.com

with a copy to:

DLA Piper (Canada) LLP
1 First Canadian Place, Suite 6000,
100 King Street West
Toronto, Ontario, M5X 1E2

Attention: Sanjay M. Joshi
Email: sanjay.joshi@dlapiper.com

or to such other address or email address or individual as may be designated by notice given by any party to the others. Any notice, certificate, consent, determination or other communication shall be effective, if delivered or emailed at or prior to 5:00 p.m. on any Business Day, when so delivered or emailed or, if delivered or emailed at any other time, on the next Business Day.

12.2 Assignment, Successors, etc.

(a) This Agreement shall enure to the benefit of and be binding upon the Parties hereto and their respective successors and permitted assigns. This Agreement may not be assigned by Canopy Rivers or Canopy Growth without JWC's prior written consent. JWC may not assign this Agreement without the prior written consent of Canopy Rivers and Canopy Growth.

(b) In the event that any Party proposes to enter into any acquisition, amalgamation, arrangement, merger or combination or any transaction pursuant to which another Person or a successor to such Party becomes bound by the provisions of this Agreement by agreement or by operation of law,

the Person resulting from such acquisition, amalgamation, arrangement, merger, combination or transaction shall enter into an agreement in form and substance satisfactory to the other Parties pursuant to which such Person agrees to be bound by this Agreement as though it were a Party hereto in the place of the Party entering into the acquisition, amalgamation, arrangement, merger, combination or transaction.

12.3 Entire Agreement

This Agreement, including all Schedules annexed hereto which form an integral part hereof, any amendment to it and the other Transaction Documents constitute the entire agreement among the Parties and supersedes all prior agreements, understandings, negotiations and discussions, whether written or oral, with respect to the subject matter hereof. There are no conditions, covenants, agreements, representations, warranties or other provisions, express or implied, collateral, statutory or otherwise, relating to the subject matter hereof except as provided in this Agreement.

12.4 Further Assurances

Each of the Parties to this Agreement shall from time to time and at all times do all such further acts and execute and deliver all further agreements and documents as shall be reasonably required in order fully to perform and carry out the terms of this Agreement.

12.5 Amendment and Waivers

No amendment or waiver of any provision of this Agreement shall be binding on a Party unless consented to in writing by such Party. No failure or delay to exercise, or other relaxation or indulgence granted in relation to, any power, right or remedy under this Agreement shall operate as a waiver of it or impair or prejudice it nor shall any single or partial exercise or waiver of any power, right or remedy preclude its further exercise or the exercise of any other power, right or remedy. The failure of any Party to insist upon strict adherence to any provision of this Agreement on any occasion shall not be considered a waiver or deprive that Party of the right thereafter to insist upon strict adherence to such provision or any other provision of this Agreement. No purported waiver shall be effective as against any Party unless consented to in writing by such Party. The waiver by any Party of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent or other breach.

12.6 Severability

Every provision of this Agreement is intended to be several, and accordingly, if any provision of this Agreement is determined to be invalid, illegal or unenforceable in any respect, all other provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any Party hereto. To the extent that any provision is found to be invalid, illegal or unenforceable, the Parties shall act in good faith to substitute for such provision, to the extent possible, a new provision with content and purpose as close as possible to the provision so determined to be invalid, illegal or unenforceable.

12.7 Time of Essence

Time shall be of the essence of this Agreement.

12.8 Remedies; Specific Performance

Except as otherwise provided herein, any and all remedies herein expressly conferred upon a Party will be deemed cumulative with and not exclusive of any other remedy conferred hereby, or by law or equity upon such Party, and the exercise by a Party of any one remedy will not preclude the exercise of any other remedy. The Parties hereby agree that irreparable damage would occur in the event that any provision of this Agreement is not performed in accordance with its specific terms or is otherwise breached, and that money damages or other legal remedies would not be an adequate remedy for any such damages. Accordingly, the Parties acknowledge and hereby agree that in the event of any breach or threatened breach by any Party of any of its covenants or obligations set out in this Agreement, the other Parties shall be entitled to injunctive relief to prevent or restrain breaches or threatened breaches of this Agreement by the other, and to specifically enforce the terms and provisions of this Agreement to prevent breaches or threatened breaches of, or to enforce compliance with, the covenants and obligations of the other under this Agreement. Each of the Parties hereby agrees not to raise any objections to the availability of the equitable remedy of specific performance to prevent or restrain breaches or threatened breaches of this Agreement by it, and to specifically enforce the terms and provisions of this Agreement to prevent breaches or threatened breaches of, or to enforce compliance with, the covenants and obligations of the other Parties under this Agreement.

12.9 Contra Proferentem Rule

Unless otherwise expressly defined in this Agreement, the words used in this Agreement bear their natural meaning. The Parties have had equal opportunity to take legal advice and the *contra proferentem* rule does not apply to the interpretation of this Agreement. Save as otherwise provided in is this Agreement, each Party shall be responsible for and shall bear all its own fees and expenses with respect to the preparation and negotiation of this Agreement.

12.10 No Partnership

Nothing herein shall be construed to create, expressly or by implication, a joint venture, commercial partnership or other partnership relationship among the Parties.

12.11 Counterparts

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument. Counterparts may be executed either in original or electronic form, and the Parties adopt any signatures received by means of electronic communication as original signatures of the Parties.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF the Parties hereto have executed this Agreement as of the Execution Date.


CANOPY RIVERS CORPORATION

By: _____


Name: Phil Shaer
Title: General Counsel

CANOPY GROWTH CORPORATION

By: _____


Name: Mark Zekulin
Title: President

JAMES E. WAGNER CULTIVATION LTD.

By: _____

Name:
Title:

IN WITNESS WHEREOF the Parties hereto have executed this Agreement as of the Execution Date.

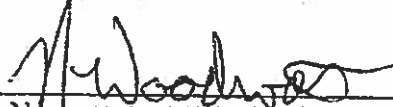
CANOPY RIVERS CORPORATION

By: _____
Name:
Title:

CANOPY GROWTH CORPORATION

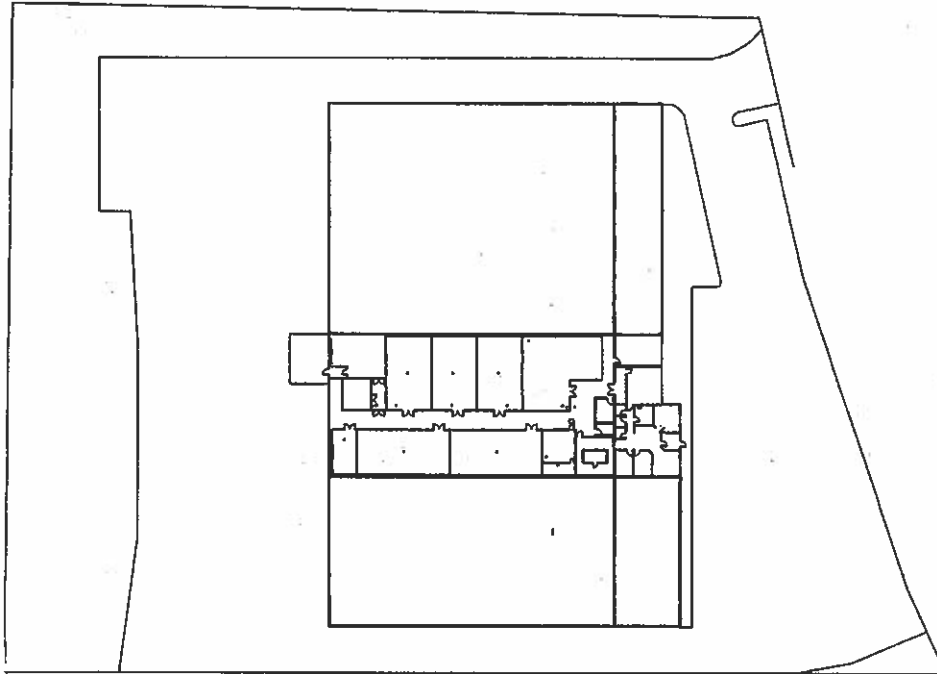
By: _____
Name:
Title:

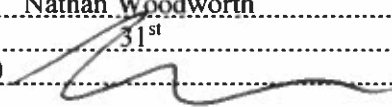
JAMES E. WAGNER CULTIVATION LTD.

By:  _____
Name: Nathaniel Woodworth
Title: President & Chief Executive Officer

SCHEDULE A
APPLICABLE OPERATIONS

“Applicable Operations” refers exclusively to Unit B, 855 Trillium Drive, Kitchener, Ontario N2R 1J3, as defined by the detailed area of the drawing included herein, which includes all intended expansions. If the operations of JWC are moved to a new location or expanded at the currently leased location, such new or expanded location will be deemed to be the Applicable Operations for purposes of this Agreement.



This is Exhibit **“X”** *referred to in the*
affidavit of Nathan Woodworth
sworn before me, this 31st
day of March, 2020 

.....
A COMMISSIONER FOR TAKING AFFIDAVITS

CANOPY RIVERS CORPORATION

- and -

JAMES E. WAGNER CULTIVATION LTD.

ROYALTY AGREEMENT

AUGUST 11, 2017

ROYALTY AGREEMENT

THIS CANNABIS ROYALTY AGREEMENT is made as of August 11, 2017 (the "Execution Date")

BETWEEN:

CANOPY RIVERS CORPORATION, a corporation existing under the Federal laws of Canada ("Canopy Rivers")

- and -

JAMES E. WAGNER CULTIVATION LTD., a corporation existing under the laws of the Province of Ontario ("JWC")

WHEREAS JWC is engaged in the growth, cultivation, production and sale of cannabis for medical, and if permitted by Applicable Law, non-therapeutic use purposes;

AND WHEREAS JWC issued a Repayable Debenture to Canopy Rivers on the Execution Date, the repayment of which shall be satisfied on the Commencement Date as a set-off for the Royalty Purchase Price;

AND WHEREAS beginning on the Commencement Date, JWC shall pay a Royalty to Canopy Rivers in accordance with the terms of this Agreement;

AND WHEREAS capitalized terms when used in these preambles and not otherwise defined in the preambles shall have the respective meanings ascribed thereto in Section 1.1;

NOW THEREFORE THIS AGREEMENT WITNESSES THAT for good and valuable consideration (the receipt and sufficiency of which are hereby conclusively acknowledged), the Parties hereby agree as follows:

ARTICLE 1 INTERPRETATION

1.1 Defined Terms

In this Agreement, the following terms shall have the respective meanings set out below and grammatical variations of such terms shall have the corresponding meanings:

- (a) "ACMPR" means the Access to Cannabis for Medical Purposes *Regulations* which came into force on August 24, 2016, and as may be amended from time to time;
- (b) "Action" means any actual or threatened claim, action, cause of action, demand, lawsuit, arbitration, inquiry, audit, notice of violation, proceeding, litigation, citation, summons, subpoena or investigation of any nature, civil, criminal, administrative, investigative, regulatory or other, whether at law, in equity or otherwise;
- (c) "Affiliate" has the meaning set out in the *Canada Business Corporations Act*;

- (d) **“Agreement”, “this Agreement”, “herein”, “hereby”, “hereof”, “hereunder”** and similar expressions mean or refer to this Agreement and any and all agreements in writing between the Parties amending this Agreement or supplemental or ancillary hereto and, unless the context otherwise requires, the expressions **“Article”, “Section”** or **“Schedule”** followed by a number or letter mean and refer to the specified Article or Section of, or Schedule to, this Agreement;
- (e) **“Annual Minimum Royalty”** has the meaning set out in Section 2.1(a);
- (f) **“Annual Report”** means a certified report from the Chief Executive Officer of JWC with respect to:
 - (i) the amount and varieties of Cannabis Produced at or from the Applicable Operations during a Contract Year;
 - (ii) estimates of anticipated Cannabis to be Produced at or from the Applicable Operations for the current Contract Year; and
 - (iii) all operations during the Contract Year were conducted in accordance with Applicable Law;
- (g) **“Applicable Law”** means (a) any domestic or foreign statute, law (including common and civil law), treaty, code, ordinance, rule, regulation or by-law (zoning or otherwise); (b) any judgement, order, writ, injunction, decision, ruling, decree or award; (c) any regulatory policy, practice, protocol, guideline or directive; or (d) any franchise, licence, qualification, authorization, consent, exemption, waiver, right, permit or other approval, in each case, of any Governmental Authority and having the force of law, binding on or affecting the Party referred to in the context in which the term is used or binding on or affecting the property of such Party, all of the foregoing as may exist as of the Effective Date or as may be implemented, revised or modified from time to time after the Effective Date;
- (h) **“Applicable Operations”** means Unit B, 855 Trillium Drive, Kitchener, Ontario N2R 1J9, as more particularly set out in Schedule A, including any and all expansions thereof. If the operations of JWC are moved to a new location or expanded at the currently leased location, such new or expanded location will be deemed to be the Applicable Operations for purposes of this Agreement;
- (i) **“Audit Dispute Notice”** has the meaning set out in Section 5.4(a);
- (j) **“Bankruptcy Proceeding”** means, in respect of any Person:
 - (i) if a Person commits an act of bankruptcy or a petition or other process for the bankruptcy of the Person is filed or instituted and remains undismissed or unstayed for a period of 20 days or any of the relief sought in such proceeding (including the appointment of a receiver, trustee, custodian or other similar official for it or any substantial part of its property) shall occur;
 - (ii) if any proposal is made or any petition is filed by or against the Person under any law having for its purpose the extension of time for payment, composition or compromise of the liabilities of the Person or other reorganization or arrangement respecting its liabilities and such proposal or petition is not stayed or

dismissed within 20 days or if the Person gives notice of its intention to make or file any such proposal or petition including an application to any court to stay or suspend any proceedings of creditors pending the making or filing of any such proposal or petition;

- (iii) if any receiver, administrator, or manager of the property, assets or undertaking of the Person or a substantial part thereof is appointed, whether privately, pursuant to any statute, or by or under any judgment or order of any court;
 - (iv) if any proceedings are taken to enforce any Encumbrance affecting the assets of the Person or if a distress or any similar process be levied or enforced against such assets and such proceedings are not dismissed or stayed within 20 days after the commencement thereof
 - (v) the admission in writing by the Person of its inability to pay its debts generally as they become due; or
 - (vi) the making by the Person of a general assignment for the benefit of its creditors;
- (k) **“Business Day”** means any day other than a Saturday or Sunday or any other day which shall be a statutory or civic holiday or day on which banking institutions are closed in the City of Toronto, Ontario;
- (l) **“Cannabis”** means all living or dead material, plants, seeds, plant parts or plant cells from any cannabis species or subspecies (including sativa, indica and ruderalis), including wet and dry material and trichomes. For greater certainty, the definition of Cannabis covers all dried flower Produced, whether or not such Cannabis is thereafter converted into an oil, extract or any other alternative product;
- (m) **“Claim”** means any Action brought against a Person entitled to indemnification under Article 7;
- (n) **“Claimant”** has the meaning set out in Section 9.3(c);
- (o) **“Commencement Date”** means the date upon which the License is issued by Health Canada to JWC;
- (p) **“Confidential Information”** means the terms of this Agreement and any other information and intellectual property concerning any matters affecting or relating to the business, operations, assets, results or prospects of the Parties, including information regarding plans, budgets, costs, processes, results of experimentation and other data, except to the extent that such information has already been publicly released by a Party as allowed herein or that the Party providing such information can demonstrate was previously publicly released by a Person who did not do so in violation or contravention of any duty or agreement;
- (q) **“Contract Quarter”** means:
- (i) firstly, the period from the Commencement Date until the last day of March, June, September or December, whichever occurs first following the Commencement Date; and

- (ii) thereafter, every consecutive three (3) month period during the term of this Agreement;
- (r) **“Contract Year”** means:
 - (i) firstly, the period from the Commencement Date until the first anniversary thereof; and
 - (ii) thereafter, every consecutive twelve (12) month period during the term of this Agreement;
- (s) **“Direct Claim”** has the meaning set out in Section 7.2(a);
- (t) **“Dispute”** means any differences, disagreements, questions, controversies or claims (including claims for indemnification) between the Parties as to the interpretation, application or administration of this Agreement, any aspect of the performance by a Party of its obligations under this Agreement or any other matter or question arising out of or relating to this Agreement;
- (u) **“Expert”** has the meaning set out in Section 9.5(a);
- (v) **“Expert Appointment Deadline”** has the meaning set out in Section 9.5(a);
- (w) **“Expert’s Report”** has the meaning set out in Section 5.4(a);
- (x) **“Governmental Authorities”** means any municipal, regional, provincial or federal governments and their agencies, authorities, branches, departments, commissions or boards, having or claiming jurisdiction over JWC and/or JWC’s assets, and **“Governmental Authority”** shall mean any one of the Governmental Authorities as the context requires;
- (y) **“Indemnified Person”** has the meaning set out in Section 7.1(a);
- (z) **“Indemnifier”** has the meaning set out in Section 7.1(a);
- (aa) **“Investment Agreement”** means the agreement executed and delivered contemporaneous herewith by JWC, Canopy Rivers and Canopy Growth Corporation, as may be amended, supplemented, otherwise modified, restated or replaced from time to time;
- (bb) **“Lease”** means the lease entered into between Blue Top Properties (855 Trillium) Inc. and James E. Wagner Cultivation Ltd dated December 13, 2013;
- (cc) **“License”** means a license issued to JWC pursuant to (i) the ACMPR to permit JWC to begin selling cannabis products to a person to whom an exemption relating to the substance has been granted under section 56 of the *Controlled Drugs and Substances Act* in accordance with subsection 22(2) of the ACMPR; or (ii) other Applicable Law granting JWC the same authority as clause (i), and/or if permitted under Applicable Law, non-medical uses;
- (dd) **“Losses”** means damages, fines, penalties, deficiencies, losses, liabilities, including settlements and judgments, costs and expenses of any kind, character or description (including payments, refunds and delivery of additional goods and/or services, interest, reasonable fees and expenses of legal counsel, or other professionals);

- (ee) “**Notice of Dispute**” has the meaning set out in Section 9.3(c);
- (ff) “**Outside Date**” means August 10, 2019, unless extended by Canopy Rivers;
- (gg) “**Panel**” has the meaning set out in Section 9.5(a);
- (hh) “**Parties**” means Canopy Rivers and JWC collectively, and “**Party**” means either of them as the context requires;
- (ii) “**Periodic Royalty Amount**” has the meaning set out in Section 2.1(b);
- (jj) “**Person**” means any individual, corporation or other body corporate, partnership, trustee, trust or unincorporated association, joint venture, syndicate, sole proprietorship, other form of business enterprise, executor, administrator or other legal representatives, regulatory body or agency or Governmental Authority, however designated or constituted;
- (kk) “**Produced**” means grown, generated, produced or manufactured;
- (ll) “**Redacted Information**” means all dollar-related pricing information contained in this Agreement;
- (mm) “**Redaction Requirement**” has the meaning set out in Section 8.1(a);
- (nn) “**Repayable Debenture**” means the repayable debenture issued by JWC to Canopy Rivers on the Execution Date with a maximum drawdown amount of \$2.5 million, as may be amended, supplemented, otherwise modified, restated or replaced from time to time;
- (oo) “**Representative**” means, with respect to any Party, the Party’s Affiliates and such Party’s and its Affiliates’ directors, officers, employees and advisors;
- (pp) “**Respondent**” has the meaning set out in Section 9.3(c);
- (qq) “**Royalty**” has the meaning set out in Section 2.1(a);
- (rr) “**Royalty Purchase Price**” means the sum of \$2.5 million; and
- (ss) “**Third Party Claim**” has the meaning set out in Section 7.2(a).

1.2 Rules of Construction

In this Agreement:

- (a) the terms “**Agreement**”, “**this Agreement**”, “**the Agreement**”, “**hereto**”, “**hereof**”, “**herein**”, “**hereby**”, “**hereunder**” and similar expressions refer to this Agreement in its entirety and not to any particular provision hereof;
- (b) references to an “**Article**”, “**Section**” or “**Schedule**” followed by a number or letter refer to the specified Article or Section of or Schedule to this Agreement;
- (c) the division of this Agreement into Articles and Sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Agreement;

- (d) words importing the singular number only shall include the plural and vice versa and words importing the masculine gender shall include the feminine and neuter genders and vice versa;
- (e) unless otherwise indicated, any reference to a statute, regulation or rule shall be construed to be a reference thereto as the same may from time to time be amended, re-enacted or replaced, and any reference to a statute shall include any regulations or rules made thereunder;
- (f) the words "include", "includes" and "including" mean "include", "includes" or "including", in each case, "without limitation";
- (g) reference to any agreement or other instrument in writing means such agreement or other instrument in writing as amended, modified, replaced or supplemented from time to time;
- (h) unless otherwise indicated, time periods within which a payment is to be made or any other action is to be taken hereunder shall be calculated excluding the day on which the period commences and including the day on which the period ends; and
- (i) whenever any payment to be made or action to be taken hereunder is required to be made or taken on a day other than a Business Day, such payment shall be made or action taken on the next following Business Day.

1.3 Currency

Unless otherwise indicated, all dollar amounts in this Agreement are expressed in Canadian dollars.

1.4 Schedules

The following Schedules are attached to and form an integral part of this Agreement:

Schedule A - Applicable Operations

ARTICLE 2
SALE OF SPECIFIED PRODUCT

2.1 Royalty

(a) Subject to the terms of this Agreement, effective on the Commencement Date, in consideration of the payment of the Royalty Purchase Price by Canopy Rivers to JWC, JWC agrees to grant to Canopy Rivers, and Canopy Rivers agrees to acquire, a royalty (the "**Royalty**") equal to \$0.375 per gram of Cannabis Produced at or from the Applicable Operations. The minimum aggregate annual Royalty payment per Contract Year shall equal \$487,500 (the "**Annual Minimum Royalty**").

(b) Commencing on the Commencement Date, the Royalty shall be payable on a periodic basis (the "**Periodic Royalty Amount**") within 10 business days following the last Business Day of the quarter following each Contract Quarter.

(c) If the aggregate Periodic Royalty Amount(s) during the Contract Year is less than the Annual Minimum Royalty, then the balance of the Annual Minimum Royalty shall be due and payable on the last day of the applicable Contract Year.

(d) For greater certainty, JWC's obligations under this Section 2.1 shall continue irrespective of whether JWC continues to Produce Cannabis at the Applicable Operations.

(e) If JWC does not obtain the License on or before the Outside Date, Canopy Rivers may elect to terminate this Agreement.

2.2 Royalty Purchase Price

On the Commencement Date, the Royalty Purchase Price shall be satisfied in full by the set-off of the principal amount owing to Canopy Rivers pursuant to the Repayable Debenture.

2.3 Manner of Payment

(a) At the time each Periodic Royalty Amount is paid, JWC shall deliver to Canopy Rivers (i) written notice of the amount of the Royalty and the payment date; and (ii) a Royalty report stating the quantity of Cannabis Produced at or from the Applicable Operations during the preceding Contract Month, the estimated quantity of Cannabis Produced at or from the Applicable Operations during the current Contract Month and the forecasted quantity of Cannabis to be Produced at or from the Applicable Operations during the following Contract Month, which report shall be supported by information that is reasonably sufficient to allow Canopy Rivers to verify the Royalty payable by JWC to Canopy Rivers.

(b) The Royalty shall be paid to Canopy Rivers by wire transfer by JWC in accordance with this Section; provided Canopy Rivers has provided JWC with written notice containing wire instructions for payment, otherwise such payment will be made by certified cheque or bank draft.

(c) If amounts have been paid by JWC to Canopy Rivers in excess of those to which Canopy Rivers is entitled under the terms of this Agreement, the equivalent amount shall be deducted from the next Royalty payment or payments. If amounts have been paid by JWC to Canopy Rivers that are less than the amounts to which Canopy Rivers is entitled under the terms of this Agreement, the equivalent amount shall be added to the next Royalty payment or payments, including applicable interest pursuant to this Agreement.

ARTICLE 3 TRANSFER RESTRICTIONS

3.1 Transfer Restrictions

During the term of this Agreement JWC may transfer, in whole or in part: (i) the Lease; together with (ii) its rights and obligations under this Agreement; so long as the following conditions are satisfied:

- (i) JWC provides Canopy Rivers with at least 30 days prior written notice of its intent to transfer;
- (ii) any purchaser, transferee or assignee, as a condition to completion of the transfer, agrees in writing in favour of Canopy Rivers to be bound by the terms of this Agreement; and

- (iii) JWC agrees to guarantee the obligations of such purchaser, transferee or assignee under this Agreement in a form acceptable to Canopy Rivers, acting reasonably.

ARTICLE 4 **INSURANCE**

4.1 Insurance

(a) At its own expense, JWC shall maintain insurance coverage with responsible insurers, in amounts and against risks normally insured by owners of similar businesses or assets. Promptly on the happening of any loss or damage, the Corporation will furnish or cause to be furnished at its own expense all necessary proofs.

(b) JWC shall provide Canopy Rivers with copies of the certificates of insurance and policy endorsements for all insurance coverage required by this Section 4.1, and shall not do anything to invalidate such insurance. This Section 4.1(b) shall not be construed in any manner as waiving, restricting or limiting the liability of a Party for any obligations imposed under this Agreement (including but not limited to, any provisions requiring a Party to indemnify, defend and hold any other Party harmless under this Agreement).

ARTICLE 5 **PAYMENT AND BOOKS AND RECORDS**

5.1 Interest on Overdue Payments

If any payment to be made hereunder is not made on or before the date such payment is due, the Party which is liable for such payment shall also pay interest on such late payment, from the date such payment was due through the date such payment is made at a rate of interest per annum equal to 20%. Any overdue amount or delivery may be set off against any other required delivery or payment under this Agreement.

5.2 Taxes

JWC and Canopy Rivers shall not have any responsibility for any taxes imposed on the other Party by any Governmental Authority.

5.3 Books and Records

JWC shall keep true, complete and accurate books and records of all of its operations and activities with respect to the Applicable Operations and the Cannabis Produced at or from the Applicable Operations. Canopy Rivers and/or its Representatives shall be entitled, upon delivery of three Business Days advance notice, at their own sole cost and expense, during the normal business hours of JWC, in a manner that does not unreasonably interfere with JWC's business, to perform audits or other reviews and examinations of JWC's production books and records as filed by JWC with Health Canada for maintenance of its licence under the ACMPR and to confirm compliance with the terms of this Agreement. Canopy Rivers shall diligently complete any audit or other examination permitted hereunder. All expenses of any audit or other examination permitted hereunder shall be paid by Canopy Rivers, unless the results of such audit or other examination permitted hereunder disclose a deficiency in respect of any declarations made hereunder by JWC in respect of the period being audited or examined in an amount greater than two percent of the amount of the item in question so declared by JWC with respect to such period, in which event all expenses of such audit or other examination shall be paid by JWC.

5.4 Annual Report

(a) JWC shall deliver to Canopy Rivers an Annual Report on or before 60 days after the last day of each fiscal year of JWC. If Canopy Rivers disputes any information in an Annual Report:

- (i) Canopy Rivers shall notify JWC in writing within 90 days from the date of delivery of the applicable Annual Report that it disputes the accuracy of that Annual Report (or any part thereof) (the “**Audit Dispute Notice**”);
- (ii) Canopy Rivers on the one hand and JWC on the other hand shall have 90 days from the date the Audit Dispute Notice is delivered by Canopy Rivers to resolve the dispute. If Canopy Rivers and JWC have not resolved the dispute within the said 90-day period, a mutually agreed independent third-party expert will be appointed to prepare a report with respect to the dispute in question (the “**Expert’s Report**”). If Canopy Rivers and JWC have not agreed upon such expert within a further 10 days after the said 90-day period, then the dispute as to the expert shall be resolved by the dispute resolution procedures set out in Article 9;
- (iii) if the Expert’s Report concludes that any item set out on the Annual Report was deficient such that JWC was required to make additional payments in connection with the Royalty during a Contract Year, there shall be a rectification of accounts;
- (iv) if the Expert’s Report concludes that any item set out on the Annual Report was not deficient, then the cost of the Expert’s Report shall be borne by Canopy Rivers;
- (v) if the Expert’s Report concludes that any item set out on the Annual Report was deficient, then the cost of the Expert’s Report shall be borne by JWC; and
- (vi) if Canopy Rivers or JWC disputes the Expert’s Report and such dispute is not resolved between the Parties within ten days after the date of delivery of the Expert’s Report, then such dispute shall be resolved by the dispute resolution procedures set out in Article 9.

(b) If JWC does not deliver an Annual Report as required pursuant to this Section 5.4, Canopy Rivers shall have the right to perform or to cause its Representatives to perform, at the cost and expense of JWC, an audit of the production books and records of JWC relevant to the Annual Report. JWC shall grant Canopy Rivers and its Representatives access to all such books and records on a timely basis during normal business hours. In order to exercise this right, Canopy Rivers must provide not less than three Business Days’ written notice to JWC of its intention to conduct the said audit. If within seven days of receipt of such notice, JWC delivers the applicable Annual Report, then Canopy Rivers shall have no right to perform the said audit. If JWC delivers the Annual Report before the delivery of the report prepared in connection with the said audit, the applicable Annual Report shall be taken as final and conclusive, subject to the rights of Canopy Rivers as set out in this Section 5.4. Otherwise, absent any manifest or gross error in the Annual Report, Canopy Rivers’ report shall be final and conclusive, subject to the provisions of this Section.

ARTICLE 6
REPRESENTATIONS AND WARRANTIES; COVENANTS

6.1 Representations and Warranties

Each Party hereby represents and warrants to the other Party that at the date of signing this Agreement the following representations and warranties are true and correct in all material respects:

- (i) **Organization; Status; Formation and Organization Documents.** Such Party is duly formed and organized and validly subsisting under the laws of its respective jurisdiction of incorporation and is qualified to do business in the Province of Ontario and has all requisite corporate power and authority to execute, deliver and perform its obligations under this Agreement.
- (ii) **No Conflicts.** The execution and delivery of this Agreement, the performance by the Party of its obligations hereunder and the consummation of the transactions contemplated by this Agreement do not and will not conflict with, or result (with or without notice or the lapse of time) in a breach or violation of, or constitute a default under, any of the terms or provisions of: (i) the constating documents of the Party; (ii) the resolutions of the Party's shareholders or directors (or any committee thereof) which are in effect; (iii) any judgment, writ, injunction, degree or order of a court, arbitrator or Governmental Authority that is binding on the Party; (iv) any contract or agreement to which the Party is subject or by which the Party is bound; or (v) Applicable Law.
- (iii) **Enforceability.** This Agreement has been duly executed and delivered by such Party and is a valid and binding obligation of such Party enforceable against it, in accordance with its terms, except as the enforcement thereof may be limited by bankruptcy, insolvency or other laws of general application affecting the enforcement of creditors' rights and subject to the qualification that specific performance and injunction, being equitable remedies, may only be granted in the discretion of a court of competent jurisdiction.

6.2 Covenants

JWC hereby covenants to Canopy Rivers, and acknowledges that Canopy Rivers is relying on such covenants in connection with entering into this Agreement, that JWC shall:

- (i) remain a corporation validly subsisting under the laws of the Province of Ontario, licensed, registered or qualified as an extra-provincial or foreign corporation in all jurisdictions where the nature of JWC's business make such licensing, registration or qualification necessary;
- (ii) carry on its business, perform all operations and activities in connection with its business in a commercially reasonable manner and in compliance in all material respects with all Applicable Laws, in accordance with all material terms of any permits, certificates, licences, approvals, consents and other authorizations required to be obtained from Governmental Authorities and in a manner not materially inconsistent with accepted practice for comparable businesses in Canada;

- (iii) maintain all books and records used to calculate the Royalty due hereunder according to either international financial reporting standards or generally accepted accounting standards, as applicable, consistently applied;
- (iv) maintain and continue to maintain a system of internal accounting controls sufficient to provide reasonable assurances that: (A) transactions are executed in accordance with management's general or specific authorization; and (B) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain accountability for assets;
- (v) following the Commencement Date, maintain the right to use the License, or a suitable replacement license, as may be determined by Canopy Rivers in its sole and absolute discretion, acting reasonably;
- (vi) maintain all permits, certificates, licences, approvals, consents and other authorizations required to be obtained from the appropriate Governmental Authorities necessary to conduct their respective businesses;
- (vii) maintain the Applicable Operations, including the Lease, in good standing (by among other things performing all assessment work and paying all Lease payments, taxes and fees payable under Applicable Law, the Lease or otherwise on the Applicable Operations), duly maintain books and records in respect of the Applicable Operations in accordance with industry standards, and shall continue to operate its assets in respect of the Applicable Operations in accordance with best practices;
- (viii) use all commercially reasonable efforts to ensure the owner of the Applicable Operations shall maintain the Applicable Operations in good standing (by among other things performing all assessment work and paying all taxes and fees payable under Applicable Law or otherwise on the Applicable Operations); and
- (ix) make Royalty Payments in accordance with the provisions of Article 2.

ARTICLE 7

INDEMNIFICATION

7.1 Indemnification

(a) Each Party (the "**Indemnifier**") indemnifies and agrees to save harmless the other Party (the "**Indemnified Person**") and each of their Affiliates and each of their directors, officers and employees, from and against any and all Losses suffered or incurred by the Indemnified Person or (if applicable) any of their Affiliates, and its and their directors, officers and employees as a result of, on account of or by reason of any and all actions, causes of action, proceedings, claims or demands relating to, arising from or in connection with:

- (i) a breach of this Agreement;
- (ii) the negligence, wilful misconduct, fraud or dishonesty of the Indemnifier or any of its Representatives in connection with the performance of their respective obligations under this Agreement; or

- (iii) any failure by the Indemnifier or its Representatives to comply with any Applicable Laws.

(b) Notwithstanding any other provision of this Agreement, each Party shall be entitled to indemnification and all other remedies available to it at law or in equity, including claims for specific performance and injunctive relief and including claims with respect to the value or change in value of past, current or future required or expected Royalty payments under this Agreement, in connection with or in respect of any breach or default by the other Party.

7.2 Indemnification Procedures

(a) If an Indemnified Person intends to seek indemnification from the Indemnifier it shall give prompt written notice to the Indemnifier of the Claim to which the indemnity applies. Such notice shall provide in reasonable detail any information that the Indemnified Person may have with respect to the Claim (including copies of any summons, complaints, or other pleadings which may have been served on the Indemnified Person or its agents and any written claim, demand, invoice, billing, or other document evidencing the same). Such notice shall also specify whether the Claim arises as a result of a Claim asserted by a Person that is not a Party against the Indemnified Person (a "**Third Party Claim**") or whether the Claim is asserted directly by the Indemnified Person (a "**Direct Claim**"). Failure to give prompt notice of a matter which may give rise to indemnification hereunder shall not affect the rights of an Indemnified Person to seek indemnification hereunder so long as such failure to so notify does not adversely affect in any material respect the Indemnifier's ability to defend the matter for which indemnification is sought.

(b) With respect to any Third Party Claim, the Indemnifier shall have the right to control the defence of the matter for which indemnification is sought under this Agreement, provided that the Indemnifier must conduct the defence actively and diligently thereafter in order to preserve its rights in this regard; and provided further, however, that the Indemnifier may not consent to the entry of any judgment or enter into any settlement with respect to the Third Party Claim without the prior written consent of the Indemnified Person (which consent shall not be unreasonably withheld or delayed) unless the judgment or proposed settlement involves only the payment of money damages, resolves the Third Party Claim entirely, does not impose an injunction or other equitable relief upon the Indemnified Person, and does not result in any admission by the Indemnified Person of any liability for which the Indemnified Person is not fully indemnified for hereunder. The Indemnified Person shall have the right to have its own counsel participate in the defence, provided that the fees and disbursements of such counsel shall be paid by the Indemnified Person unless the Indemnifier consents to the retention of such counsel by it or unless the representation of both the Indemnifier and the Indemnified Person by the same counsel would be inappropriate due to the actual or potential differing interests between them (such as the availability of different defences). If the Indemnifier fails to defend the Third Party Claim within a reasonable time, the Indemnified Person shall be entitled to assume that conduct, and the Indemnifier shall be bound by the results obtained by the Indemnified Person with respect to that Third Party Claim.

(c) With respect to any Direct Claim, following receipt of notice from the Indemnified Person of the Claim, the Indemnifier shall have 60 days to make such investigation of the Claim as is considered reasonably necessary. For the purpose of such investigation, the Indemnified Person shall make available to the Indemnifier the information relied upon by the Indemnified Person to substantiate the Claim, together with all such other information as the Indemnifier may reasonably request. If both Parties agree at or prior to the expiration of such 60 day period (or any mutually agreed upon extension thereof) to the validity and amount of such Claim, the Indemnifier shall immediately pay to the Indemnified Person the full agreed upon amount of the Claim.

(d) The Indemnifier waives any right it may have to require an Indemnified Person to proceed against or enforce any other right, power, remedy or security or to claim payment from any other Person before claiming under the indemnity provided for in this Article 7. It is not necessary for an Indemnified Person to incur expense or make payment before enforcing that indemnity. Nothing herein limits or restricts the obligation of a Party to account for any net tax benefit or any recovery, settlement or otherwise or under or pursuant to any insurance coverage, or pursuant to any claim, recovery, settlement or payment by or against any other Persons.

(e) Canopy Rivers and JWC accept each indemnity in favour of each of the Indemnified Parties that is not a party to this Agreement, as agent and trustee of that Indemnified Person and may enforce any such indemnity in favour of that Indemnified Person on behalf of that Indemnified Person.

ARTICLE 8

CONFIDENTIALITY; PUBLIC ANNOUNCEMENTS

8.1 Confidentiality

(a) All Confidential Information shall be treated as confidential by the Parties and shall not be disclosed to any other Person other than in circumstances where a Party has an obligation to disclose such information in accordance with Applicable Law, in which case, such disclosure shall only be made after consultation with the other Party (if reasonably practicable and permitted by Applicable Law) provided that any public disclosure of such information shall always omit or redact the Redacted Information (the "**Redaction Requirement**") and, in the case of a public announcement required by Applicable Law, shall only be made in accordance with Section 8.2.

(b) Notwithstanding the foregoing, each of the Parties acknowledges and agrees that:

- (i) each of the Parties may disclose Confidential Information, subject to the Redaction Requirement, to:
 - (A) a person providing financing or funding to such Party in respect of its obligations hereunder;
 - (B) any prospective purchaser of the Royalty or the shares of JWC held by Canopy Rivers, together with such prospective purchaser's financiers, consultants and advisors (financial and legal),

so long as, in each case, prior to receiving any such information the recipient enters into a confidentiality agreement with the disclosing Party pursuant to which the recipient provides a confidentiality undertaking in favour of the other Party to maintain the confidentiality of the Confidential Information in a manner consistent with this Agreement;

- (ii) each of the Parties may disclose Confidential Information to their respective directors, officers and employees (and the directors, officers and employees of their respective Affiliates) and the directors, officers, partners or employees of any financial, accounting, legal and professional advisors of such Party and its Affiliates, as well as any contractors and subcontractors of such Party, provided that each of such individuals to whom Confidential Information is disclosed is advised of the confidentiality of such information and is directed to abide by the terms and conditions of this Section 8.1.

(c) For greater certainty, and as a general condition of completing the transactions noted in this Agreement, the receiving party agrees and acknowledges that any disclosure of the Confidential Information will result in material financial loss and prejudice to the competitive position of the disclosing party, as well as interference with the disclosing party's contractual relations and negotiations with third parties, and that the Confidential Information is provided solely for the purpose of this Agreement. The disclosing party does not authorize the receiving party to waive any applicable privilege and does not authorize the release of the Confidential Information, in whole or in part, by the receiving party to any third parties, other than as expressly permitted by this Agreement. Further, the receiving party agrees to actively oppose and assert public interest and all other applicable forms of privilege in response to any attempts by third parties to gain access to the Confidential Information from the receiving party. The receiving party also agrees to notify the disclosing party of any request for disclosure of the Confidential Information forthwith upon receipt of any such request whether in writing or otherwise.

8.2 Public Announcements

During the term of this Agreement, each Party shall, if practicable in advance of making, or any of its Affiliates making, a public announcement concerning this Agreement or the matters contemplated herein to a stock exchange or as otherwise required by Applicable Law, advise the other Party of the text of the proposed public announcement and, to the extent legally permitted, provide such other Party with a reasonable opportunity to comment on the content thereof. If any of the Parties determines that it is required to publish or disclose the text of this Agreement in accordance with Applicable Law, it shall comply with the Redaction Requirement and provide the other Party with an opportunity to propose appropriate additional redactions to the text of this Agreement, and the disclosing Party hereby agrees to accept any such suggested redactions to the extent permitted by Applicable Law. If a Party does not respond to a request for comments within 48 hours (excluding days that are not Business Days) or such shorter period of time as the requesting Party has determined is necessary in the circumstances, acting reasonably and in good faith, the Party making the disclosure shall be entitled to issue the disclosure without the input of the other Party. The Party making the announcement shall disclose, or permit the disclosure of, only that portion of Confidential Information required to be disclosed by Applicable Law. The final text of the disclosure and the timing, manner and mode of release shall be the sole responsibility of the Party issuing the disclosure.

8.3 Duration of Confidentiality

The provisions of this Article 8 shall apply indefinitely.

ARTICLE 9 GOVERNING LAW; DISPUTES

9.1 Governing Law

(a) This Agreement will be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

(b) Each of the Parties hereby irrevocably attorns and submits to the arbitral jurisdiction set out in Section 9.5 and, with respect to any matters not determined by arbitration, to the non-exclusive jurisdiction of the courts of Ontario, Canada respecting all matters relating to this Agreement and the rights and obligations of the Parties hereunder. Each of the Parties hereby agrees that service of any arbitral or legal proceedings relating to this Agreement may be made by physical delivery thereof to its address provided in, or in accordance with, Section 11.1, as applicable.

9.2 Disputes

(a) All Disputes will be resolved in accordance with the procedures set out in this Article 9 (the “**Dispute Resolution Procedures**”).

(b) For the purposes of this Article 9, the word “**Documents**” includes a sound recording, videotape, film, photograph, chart, graph, map, plan, survey, book of account, and data and information in electronic form.

(c) This Article 9 shall survive the expiry or earlier termination of this Agreement.

(d) Except as otherwise provided in Section 9.5(k) or otherwise expressly provided in this Agreement, each Party will be responsible at its own sole cost and expense for its own costs in connection with the disclosure of Documents, or the resolution of Disputes, including all fees, disbursements and other charges of all accountants, lawyers and other professionals, experts, whether testifying or not, and witnesses and all costs for preparation for, travel to and attendance at negotiation meetings, mediation conferences or arbitration proceedings commenced, conducted or required in accordance with these Dispute Resolution Procedures regardless of the outcome.

9.3 Amicable Resolution of Disputes

(a) The Parties will make all reasonable efforts at all times to resolve all Disputes by good faith, amicable negotiations before resorting to resolution by mediation or arbitration pursuant to Section 9.4 and Section 9.5. The dispute resolution by a mediator or an arbitrator contemplated in Section 9.4 and Section 9.5 is not intended to substitute for the Parties’ mutual ongoing commitment to resolve Disputes in good faith as between themselves.

(b) The Parties agree to provide on an ongoing “without prejudice” basis (subject to any claim for privilege asserted by a Party, including any ruling as to privilege or relevance made by any arbitrator during an arbitration conducted under this Article 9), frank, candid, and timely disclosure of all relevant facts, information and Documents to facilitate negotiations with respect to the resolution of a Dispute.

(c) Either Party may commence a dispute resolution by delivering a written notice of dispute (“**Notice of Dispute**”) to the other Party. The Party delivering a Notice of Dispute is referred to herein as the “**Claimant**”; the Party receiving the Notice of Dispute shall be referred to herein as the “**Respondent**”.

(d) The Notice of Dispute shall include:

- (i) a demand that the Dispute be referred to dispute resolution pursuant to this Article 9;
- (ii) a general description of the Dispute; and
- (iii) the relief or remedy sought.

9.4 Resolution by Mediation

(a) If a Dispute remains unresolved following negotiations between the Parties, then either Party may, upon written notice to the other delivered within ten Business Days following receipt of the Notice of Dispute, refer such dispute to non-binding mediation.

(b) Each Party will work with the other to select an acceptable mediator and the appropriate rules of mediation, and to work with the mediator to resolve the Dispute. The mediation process shall continue until the Dispute is resolved or until either the mediator makes a finding that there is no possibility of settlement through the mediation or one of the Parties elects not to continue the mediation ("**Mediation Termination**").

(c) The place of mediation shall be Toronto, Ontario.

(d) The language of the mediation shall be in English.

9.5 Arbitration

(a) In the event of Mediation Termination, either Party may at any time thereafter, by written notice to the other Party, require that such Dispute be resolved on an expedited basis by an independent, qualified and experienced expert (the "**Expert**") or a panel of three Experts (the "**Panel**").

(b) The Expert or Panel shall be appointed as follows:

(i) if the Parties agree on an Expert, the Parties shall jointly appoint the Expert as soon as possible and, in any event, within five Business Days after delivery of the notice requiring that the Dispute be resolved by an Expert (the "**Expert Appointment Deadline**"); and

(ii) if the Parties fail to agree or fail to jointly appoint the Expert by the Expert Appointment Deadline, each Party shall appoint one Expert no later than five Business Days after the Expert Appointment Deadline. If a Party fails to appoint an Expert within five Business Days after the Expert Appointment Deadline, the Expert appointed by the other Party shall be deemed to have been jointly appointed by both Parties and such Expert shall resolve the Dispute. If an Expert has been appointed by each Party, such Experts shall, within five Business Days after their appointment, jointly appoint a third Expert. If the two Experts fail to appoint a third Expert within the required time, either of the Parties may apply to the Ontario Superior Court of Justice for appointment of the third Expert, in which case the court shall appoint the third Expert at the earliest opportunity.

(c) The Expert or Panel shall be impartial and independent of the Parties or any consultant, sub-consultant, contractor or subcontractor of either of them in accordance with the IBA Guidelines on Conflicts of Interest in International Arbitration adopted by resolution of the IBA Council on October 23, 2014. The Expert or Panel shall at all times be neutral and act impartially and shall not act as advocates for the interests of the Party who appointed them.

(d) The Expert or Panel, as the case may be, will be appointed on a Dispute by Dispute basis, with each Expert having the qualifications and experience relevant to the issues in the particular Dispute for which the Expert or Panel, as the case may be, is appointed.

(e) The Expert or Panel, as the case may be, shall determine the appropriate process for timely and cost effective resolution of the Dispute and, without limitation, the Expert or Panel, as the case may be, has discretion to, among other things:

- (i) solicit submissions and Documents from the Parties, and impose deadlines for the receipt of such submissions;
- (ii) require some or all of the evidence to be provided by affidavit;
- (iii) direct either or both Parties to prepare and provide the Expert or Panel, as the case may be, with such Documents or other things as the Expert or Panel, as the case may be, may require to assist it/them in the resolution of the Dispute and rendering of a decision;
- (iv) require either Party to supply or prepare for examination by the Expert or Panel, as the case may be, and the other Party, any document or information the Expert or Panel, as the case may be, considers necessary;
- (v) convene meetings of the Parties to have the Parties discuss the issues in Dispute in the presence of the Expert or Panel, as the case may be; and
- (vi) take, or require either or both Parties to take and provide to the Expert or Panel, as the case may be, such measurements, perform such tests, audit such processes and procedures, and take any and all such other measures and steps as the Expert or Panel, as the case may be, considers necessary to make a final determination in the Dispute.

(f) The Expert or Panel, as the case may be, shall render a decision as soon as possible and, in any event, shall use all reasonable efforts to render a decision no later than ten Business Days after the date of the appointment of the Expert or in the case of a Panel, the appointment of the third Expert, or such longer period of time as agreed to in writing by the Parties. The Expert or Panel, as the case may be, shall give reasons or a summary of reasons for the Expert's or Panel's decision, as the case may be.

(g) The Expert or Panel, as the case may be, shall keep all information about the Dispute confidential and shall not disclose such information to anyone other than the Parties.

(h) The Parties agree that the Expert's or Panel's, as the case may be, determination shall be final or binding on the Parties and neither Party shall be entitled to appeal such determination, except as may be permitted by Applicable Law in Ontario.

(i) While the Dispute remains outstanding, both Parties shall continue to perform their respective obligations, duties and responsibilities under this Agreement.

(j) The Expert or Panel shall be authorized only to interpret and apply the provisions of this Agreement and, except as expressly provided herein, has no power or authority to modify or change this Agreement in any manner.

(k) The Expert or Panel may decide which Party will bear the costs of the Dispute Resolution Procedures including the fees and disbursements of the Expert or Panel, any other costs of the Dispute Resolution Procedures and the costs and expenses of the nature contemplated in Section 9.2 incurred by the successful Party in connection with the Dispute Resolution Procedures. The Expert or Panel may

apportion such costs between the Parties if the Expert or Panel considers it just and reasonable to do so in the circumstances.

9.6 Restrictions

A Party shall not have the right to initiate any Dispute Resolution Procedures in the event that, and for so long as, the Party is a defaulting Party.

ARTICLE 10
TERMINATION

10.1 Term

This Agreement shall automatically terminate on the twentieth anniversary of the Commencement Date.

10.2 Canopy Rivers Right to Terminate

Canopy Rivers may terminate this Agreement upon 10 Business Days prior written notice to JWC, if JWC:

- (i) does not obtain the License on or before the Outside Date;
- (ii) is in breach or default of any other representation, warranty, covenant or obligations in any material respect under this Agreement or the Transaction Documents (as defined in the Investment Agreement) and fails to cure such breach or default within 30 days after written notice from Canopy Rivers; or
- (iii) is subject to a Bankruptcy Proceeding.

10.3 JWC Right to Terminate

JWC may terminate this Agreement upon 10 Business Days prior written notice to Canopy Rivers, if:

- (i) Canopy Rivers is in breach or default of any other representation, warranty, covenant or obligations in any material respect under this Agreement or the Transaction Documents (as defined in the Investment Agreement) and fails to cure such breach or default within 30 days after written notice from JWC; or
- (ii) Canopy Rivers is subject to a Bankruptcy Proceeding.

10.4 Effect of Termination

(a) If this Agreement is terminated under either Section 10.2 or 10.3 then all rights and obligations under this Agreement (other than Sections 5.1 and 9.1 and Article 7 and Article 8 and any rights and obligations that have accrued before the date of termination) shall terminate on that date, provided that:

- (i) if this Agreement is terminated by Canopy Rivers in accordance with Section 10.2, Canopy Rivers shall be entitled to all losses suffered or incurred as a result of or in connection with such termination and the event giving rise to

termination, including the reasonably expected Royalty payments that would have been delivered by JWC to Canopy Rivers hereunder, but for the occurrence of the event or circumstances giving rise to the termination.

(b) Any and all losses payable in accordance with Section 10.4(a)(i) shall be based on an assumption that the operations are owned and operated by a Person that has the financial, operational and technical capability of a prudent owner and operator, and based on such other reasonable assumptions and forecasts as may be necessary to make such calculation.

ARTICLE 11
GENERAL PROVISIONS

11.1 **Notices**

Any notice, certificate, consent, determination or other communication required or permitted to be given or made under this Agreement shall be in writing and shall be given in writing and shall be given by actual delivery or by email to its address, address set out below, addressed to the recipient as follows:

(i) if to Canopy Rivers, at:

Canopy Rivers Corporation
1 Hershey Drive
Smiths Falls, Ontario
K7A 0A8

Attention: Bruce Linton, Chairman and Chief Executive Officer
Email: bruce@canopygrowth.com

with a copy to:

Cassels Brock & Blackwell LLP
2100 Scotia Plaza, 40 King Street West
Toronto, Ontario, M5H 3C2

Attention: John Vettese
Email: jvettese@casselsbrock.com

(ii) if to JWC, at:

James E. Wagner Cultivation Ltd.
855 Trillium Drive, Unit 2
Kitchener, Ontario
N2R 1J9

Attention: Nathan Woodworth
Email: nathan.woodworth@gmail.com

with a copy to:

DLA Piper (Canada) LLP
1 First Canadian Place, Suite 6000,
100 King Street West
Toronto, Ontario, M5X 1E2

Attention: Sanjay M. Joshi
Email: sanjay.joshi@dlapiper.com

or to such other address or email address or individual as may be designated by notice given by any party to the others. Any notice, certificate, consent, determination or other communication shall be effective, if delivered or emailed at or prior to 5:00 p.m. on any Business Day, when so delivered or emailed or, if delivered or emailed at any other time, on the next Business Day.

11.2 Assignment, Successors, etc.

(a) This Agreement shall enure to the benefit of and be binding upon the Parties hereto and their respective successors and permitted assigns. This Agreement may not be assigned by Canopy Rivers without JWC's consent, not to be unreasonably withheld. Subject to Article 3, JWC may not assign this Agreement without the prior written consent of Canopy Rivers, which consent may be withheld in Canopy Rivers' sole and absolute discretion.

(b) In the event that any Party proposes to enter into any acquisition, amalgamation, arrangement, merger or combination or any transaction pursuant to which another Person or a successor to such Party becomes bound by the provisions of this Agreement by agreement or by operation of law, the Person resulting from such acquisition, amalgamation, arrangement, merger, combination or transaction shall enter into an agreement in form and substance satisfactory to the other Party pursuant to which such Person agrees to be bound by this Agreement as though it were a Party hereto in the place of the Party entering into the acquisition, amalgamation, arrangement, merger, combination or transaction.

11.3 Entire Agreement

This Agreement, including all Schedules annexed hereto which form an integral part hereof and any amendment to it constitute the entire agreement between the Parties and supersedes all prior agreements, understandings, negotiations and discussions, whether written or oral, with respect to the subject matter hereof. There are no conditions, covenants, agreements, representations, warranties or other provisions, express or implied, collateral, statutory or otherwise, relating to the subject matter hereof except as provided in this Agreement.

11.4 Further Assurances

Each of the Parties to this Agreement shall from time to time and at all times do all such further acts and execute and deliver all further agreements and documents as shall be reasonably required in order fully to perform and carry out the terms of this Agreement.

11.5 Amendment and Waivers

No amendment or waiver of any provision of this Agreement shall be binding on a Party unless consented to in writing by such Party. No failure or delay to exercise, or other relaxation or indulgence granted in relation to, any power, right or remedy under this Agreement shall operate as a waiver of it or impair or prejudice it nor shall any single or partial exercise or waiver of any power, right or remedy preclude its further exercise or the exercise of any other power, right or remedy. The failure of

any Party to insist upon strict adherence to any provision of this Agreement on any occasion shall not be considered a waiver or deprive that Party of the right thereafter to insist upon strict adherence to such provision or any other provision of this Agreement. No purported waiver shall be effective as against any Party unless consented to in writing by such Party. The waiver by any Party of a breach of any provision of this Agreement shall not operate or be construed as a waiver of any subsequent or other breach.

11.6 Severability

Every provision of this Agreement is intended to be several, and accordingly, if any provision of this Agreement is determined to be invalid, illegal or unenforceable in any respect, all other provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any Party hereto. To the extent that any provision is found to be invalid, illegal or unenforceable, the Parties shall act in good faith to substitute for such provision, to the extent possible, a new provision with content and purpose as close as possible to the provision so determined to be invalid, illegal or unenforceable.

11.7 Time of Essence

Time shall be of the essence of this Agreement.

11.8 Remedies; Specific Performance

Except as otherwise provided herein, any and all remedies herein expressly conferred upon a Party will be deemed cumulative with and not exclusive of any other remedy conferred hereby, or by law or equity upon such Party, and the exercise by a Party of any one remedy will not preclude the exercise of any other remedy. The Parties hereby agree that irreparable damage would occur in the event that any provision of this Agreement is not performed in accordance with its specific terms or is otherwise breached, and that money damages or other legal remedies would not be an adequate remedy for any such damages. Accordingly, the Parties acknowledge and hereby agree that in the event of any breach or threatened breach by any Party of any of its covenants or obligations set out in this Agreement, the other Party shall be entitled to injunctive relief to prevent or restrain breaches or threatened breaches of this Agreement by the other, and to specifically enforce the terms and provisions of this Agreement to prevent breaches or threatened breaches of, or to enforce compliance with, the covenants and obligations of the other under this Agreement. Each of the Parties hereby agrees not to raise any objections to the availability of the equitable remedy of specific performance to prevent or restrain breaches or threatened breaches of this Agreement by it, and to specifically enforce the terms and provisions of this Agreement to prevent breaches or threatened breaches of, or to enforce compliance with, the covenants and obligations of the other Party under this Agreement.

11.9 Contra Proferentem Rule

Unless otherwise expressly defined in this Agreement, the words used in this Agreement bear their natural meaning. The Parties have had equal opportunity to take legal advice and the *contra proferentem* rule does not apply to the interpretation of this Agreement. Save as otherwise provided in this Agreement, each Party shall be responsible for and shall bear all its own fees and expenses with respect to the preparation and negotiation of this Agreement.

11.10 **No Partnership**

Nothing herein shall be construed to create, expressly or by implication, a joint venture, commercial partnership or other partnership relationship between the Parties.

11.11 **Counterparts**

This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall be deemed to constitute one and the same instrument. Counterparts may be executed either in original or electronic form, and the Parties adopt any signatures received by means of electronic communication as original signatures of the Parties.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF the Parties hereto have executed this Agreement as of the Execution Date.

CANOPY RIVERS CORPORATION

By: _____


Name: Phil Shaer
Title: General Counsel

JAMES E. WAGNER CULTIVATION LTD.

By: _____

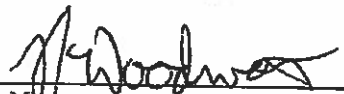
Name:
Title:

IN WITNESS WHEREOF the Parties hereto have executed this Agreement as of the Execution Date.

CANOPY RIVERS CORPORATION

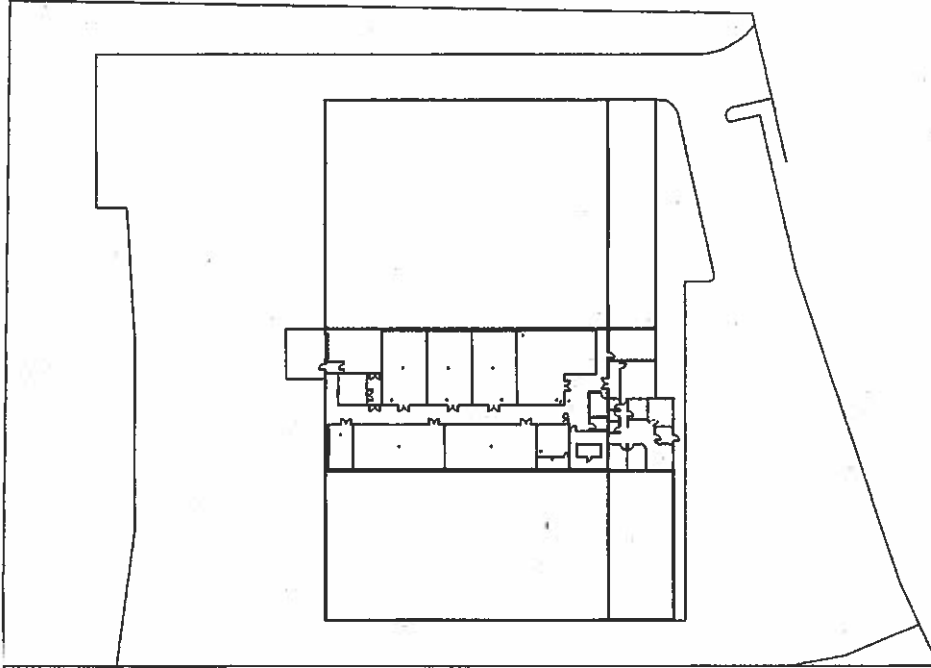
By: _____
Name:
Title:

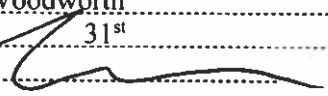
JAMES E. WAGNER CULTIVATION LTD.

By:  _____
Name: Nathaniel Woodworth
Title: President & Chief Executive Officer

SCHEDULE A
APPLICABLE OPERATIONS DESCRIPTION

“Applicable Operations” refers exclusively to Unit B, 855 Trillium Drive, Kitchener, Ontario N2R 1J3, as defined by the detailed area of the drawing included herein, which includes all intended expansions. If the operations of JWC are moved to a new location or expanded at the currently leased location, such new or expanded location will be deemed to be the Applicable Operations for purposes of this Agreement.



This is Exhibit **“Y”** *referred to in the*
affidavit of Nathan Woodworth
sworn before me, this 31st
day of March, 2020 

.....
A COMMISSIONER FOR TAKING AFFIDAVITS

RESOLUTION CONSENTED TO IN WRITING BY ALL OF THE DIRECTORS OF
JAMES E. WAGNER CULTIVATION CORPORATION
(the "Corporation")

DATED MARCH 19, 2020

WHEREAS it has been determined to be in the best interest of the Corporation to seek out and explore opportunities to enhance the capital of the Corporation by any one or more steps as yet to be explored and determined, and whether individually or by some form of combination of steps, which may include a potential sale of the Corporation (the "Capitalization") as may be selected and decided upon by the Board; and

WHEREAS the board of directors of the Corporation has determined that it is in the best interests of the Corporation that the decision of the board as to the manner and all material aspects of the Capitalization should be preceded by an analysis of the relevant facts and issues, to be conducted by independent directors and accordingly, it is desirable to establish a committee of independent members of the board, to be referred to as the "Special Committee"; and

WHEREAS each of Raymond Alarie, Peter Kampian, Philip Armstrong and Howard Steinberg has advised the board of directors that he or she is independent generally for service on the Special Committee;

BE IT RESOLVED THAT:

1. A committee of independent members of the board of directors, to be known as the "Special Committee", is hereby constituted for the following purposes:

(a) to explore and receive information and details of various types of capitalization available and beneficial to the Corporation, whether it be in the form of debt, equity or a debt/equity hybrid, as well as prospects for mergers or other form of amalgamation with one or more other entities, which would result in an enhanced capital structure for the Corporation;

(b) to consider and advise the board of directors as to whether the proposed manner of capitalization is in the best interests of the Corporation;

(c) without limiting the generality of the foregoing, if thought necessary or advisable by the Special Committee, to initiate and conduct discussions and negotiations with any third parties regarding any transaction which might serve to maximize shareholder value, provided that no commitment to complete any such transaction shall be made without prior approval of the board of directors;

(d) if thought necessary or advisable by the Special Committee, to canvass in respect of any such transaction any revisions to any proposed structure of a transaction that the Special Committee considers to be necessary or advisable by way of responses raising matters of concern to the

Special Committee, including negotiations concerning any such revisions;

(e) if any transaction is approved, to maintain on behalf of the board of directors a review of its implementation or other form of completion;

(f) to consider and evaluate the terms and conditions of offers that may be made from time to time for or in respect of the shares or assets of the Corporation; and

(g) without limiting the generality of the foregoing, to carry out its obligations under all applicable laws, including, without limitation, applicable corporate and securities laws;

it being understood that the Special Committee shall be entitled, without further authorization from the board of directors, to consider all matters that it may consider relevant to those listed above. The Special Committee shall keep the board of directors informed of its activities and pursuits on a regular basis which are or could be material to the Corporation or its operations.

2. The Special Committee is hereby authorized to meet with any and all persons, including officers and employees of the Corporation, and legal, accounting, financial and other advisors and consultants to the Corporation and the board as the Special Committee may deem necessary or desirable.

3. Directors, officers, and employees of the Corporation are hereby directed to cooperate with the Special Committee and its experts, consultants, and advisors as the Special Committee may reasonably consider necessary, including, without restriction, through the provision of information concerning the business and affairs of the Corporation and other entities affected by any form of transaction being considered. Without limiting the foregoing, to assist the Special Committee in discharging its responsibilities, management of the Corporation shall identify with the Chair of the Special Committee any issues concerning the business and affairs of the Corporation that would be affected by the Special Committee's work in respect of which information has not previously been sought by the Special Committee.

4. In carrying out its responsibilities, the Special Committee shall coordinate and consult (both directly and through its experts, consultants, and advisors) with the board of directors, management and experts, consultants, and advisors of and to the Corporation, but the Special Committee shall have control of the timing and manner of such coordination and consultation and the times of and the places where meetings of the Special Committee shall be held and the calling of and procedures at such meeting shall be determined from time to time by the Special Committee. The Special Committee shall be authorized to determine its procedures and rules, including rules governing the recusal of members of the Special Committee in appropriate instances.

5. The Special Committee shall from time to time provide advice and guidance to the board of directors as to:

(a) whether any prospective transaction is in the best interests of the Corporation, having regard to all relevant considerations and, if so, as to the content of corporate resolutions and other

actions reasonably desirable to give effect thereto;

(b) matters considered by the Special Committee to be reasonably ancillary to any prospective transaction, together with the recommendations of the Special Committee with respect thereto; and

(c) the timing and content of any press release or other public announcements of the existence of or steps undertaken or being considered by the Special Committee or the board of directors as a whole.

6. In furtherance of its responsibilities hereunder, the Special Committee may:

(a) engage, on such terms and conditions as are approved by the Special Committee and at the expense of the Corporation, experts, consultants, and advisors as the Special Committee considers appropriate, including legal, financial, and accounting and any member of the Special Committee is hereby following authorization by the Special Committee, on behalf of the Corporation and in its name, to execute and deliver engagement with such experts, consultants, and advisors; and

(b) authorize and direct senior management of the Corporation as to actions on the part of the Corporation (such as instructions to the experts, consultants, and advisors of the Corporation) that are made necessary or advisable by reason of the fact that the Capitalization or any prospective transaction is under consideration, or are necessary or advisable for the proper performance by the Special Committee of its responsibilities hereunder, including the execution on behalf of the Corporation of necessary or advisable documents and agreements (such as non disclosure or confidentiality agreements with third parties and compensation and indemnification agreements with experts, consultants, and advisors).

7. The Corporation shall pay the fees and expenses incurred by the Special Committee in discharging its duties.

8. Any member of the Special Committee may be removed or replaced at any time by the board of directors and shall, at any time, cease to be a member of the Special Committee upon ceasing to be a director of the Corporation. Any member of the Special Committee may resign his or her membership on the Special Committee at any time. Subject to the foregoing, each member of the Special Committee shall hold office until such time as he or she may be so removed or replaced, ceases to be a director of the Corporation or resigns from the Special Committee. The Special Committee may determine when and whether its responsibilities have been performed and are at an end.

9. Each member of the Special Committee shall be paid compensation of \$1,500 per meeting attended in person, \$750 per meeting attended by telephone or remote connection, and all travel expenses will be reimbursed by the Corporation. The foregoing payment of fees and expenses being in addition to any other fee and expense payments to which such directors are otherwise entitled.

10. The following persons shall be appointed members of the Special Committee:
Raymond Alarie,

Peter Kampian,
Philip Armstrong and
Howard Steinberg

11. The Chair of the Special Committee shall be determined by the Special Committee at its first meeting.

12. The Special Committee and the officers and directors of the Corporation be, and they hereby are, authorized, empowered, and directed to take any and all actions that may be necessary or appropriate in order to carry out the purposes and intent of the foregoing resolutions.

THE UNDERSIGNED, being all of the directors of the Corporation, hereby sign the foregoing resolutions in accordance with the provisions of the *Business Corporations Act* (Ontario) dated as of the date set out above.

Nathan Woodworth
6832A3268973407B0525AE86C621B68C contractworks
Nathaniel Woodworth

Raymond Alarie
31D7C9F0FAB0046DA22FDA2F116EC62 contractworks
Raymond Alarie

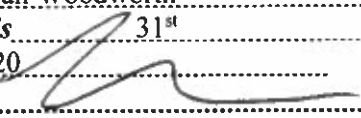
Philip Armstrong
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Philip Armstrong

Laura Foster
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Laura Foster

Peter Kampian
7978BD4FA0CF8F3367D6A4E41090F0E3 contractworks
Peter Kampian

Howard Steinberg
9FF3C314D165CF89E677A6A04815ADF4 contractworks
Howard Steinberg

This is Exhibit **“Z”** *referred to in the*
affidavit of Nathan Woodworth
sworn before me, this 31st
day of March, 2020



.....
A COMMISSIONER FOR TAKING AFFIDAVITS

**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.


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

CONSENT TO ACT AS MONITOR

KSV KOFMAN INC. hereby consents to act as Monitor of the Applicants under the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended, in respect of these proceedings, if so appointed by the court.

Dated at Toronto, Ontario this 31st day of March, 2020.

KSV KOFMAN INC.



By: Robert Kofman, President

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

Court File No.

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

Proceedings commenced in Toronto

AFFIDAVIT OF NATHAN WOODWORTH

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

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

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

Lawyers for the Applicants

TAB 3

ONTARIO
SUPERIOR COURT OF JUSTICE
COMMERCIAL LIST

THE HONOURABLE _____ MR.) ~~WEEKDAY~~ WEDNESDAY, THE # 1st
JUSTICE _____ HAINY) DAY OF ~~MONTH~~ APRIL, ~~20YR~~ 2020
)

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

AND IN THE MATTER OF A PLAN OF COMPROMISE OR
ARRANGEMENT OF ~~[APPLICANT'S NAME]~~ JAMES E.
WAGNER CULTIVATION CORPORATION, JAMES E.
WAGNER CULTIVATION LTD., JWC 1 LTD., JWC 2 LTD.,
JWC SUPPLY LTD. AND GROWTHSTORM INC.

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

INITIAL ORDER

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

ON READING the affidavit of ~~[NAME]~~ Nathan Woodworth sworn ~~[DATE]~~ 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 ~~[NAMES], no one appearing for [NAME][†] although duly served as appears from the affidavit of service of [NAME] sworn [DATE]~~ the Applicants, KSV Kofman Inc. ("KSV"),

[†] Include names of secured creditors or other persons who must be served before certain relief in this model Order may be granted. See, for example, CCAA Sections 11.2(1), 11.3(1), 11.4(1), 11.51(1), 11.52(1), 32(1), 32(3), 33(2) and 36(2).

the DIP Lender (as defined below) and on reading the consent of ~~[MONITOR'S NAME]~~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 validated² so that this Application is properly returnable today and hereby dispenses with further service thereof.

APPLICATION

2. **THIS COURT ORDERS AND DECLARES** that the ~~Applicant is a company~~Applicants are companies to which the CCAA applies.

PLAN OF ARRANGEMENT

~~3.~~3. **THIS COURT ORDERS** that ~~the~~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.~~4. **THIS COURT ORDERS** that the Applicants shall remain in possession and control of ~~its~~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 ~~Applicant~~Applicants shall continue to carry on business in a manner consistent with the preservation of ~~its~~their business (the "**Business**") and Property. The Applicants ~~is~~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 ~~it~~them, with liberty to retain such further Assistants as ~~it deems~~they deem reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

²~~If service is effected in a manner other than as authorized by the Ontario Rules of Civil Procedure, an order validating irregular service is required pursuant to Rule 16.08 of the Rules of Civil Procedure and may be granted in appropriate circumstances.~~

~~5.~~ **4.** ~~THIS COURT ORDERS~~ that the Applicants shall be entitled to continue to utilize the central cash management system³ currently in place ~~as described in or, with~~ the ~~Affidavit consent~~ of ~~[NAME] sworn [DATE] or 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.~~ **5.** ~~THIS COURT ORDERS that, except as specifically permitted herein, the Applicant~~ ~~is~~ ~~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 the~~ ~~Applicant to any of its~~ ~~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 its~~ ~~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

³~~This provision should only be utilized where necessary, in view of the fact that central cash management systems often operate in a manner that consolidates the cash of applicant companies. Specific attention should be paid to cross-border and inter-company transfers of cash.~~

incurred in the ordinary course of ~~the~~ 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 ~~for resiliated~~⁴ 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.

~~10. — THIS COURT ORDERS that, except as specifically permitted herein, the Applicant is 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 the Applicant to any of its creditors as of this date; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of its Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business.~~

RESTRUCTURING

~~10.~~ ~~11.~~ **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 ~~hereinafter~~ defined below), have the right to:

⁴~~The term "resiliate" should remain if there are leased premises in the Province of Quebec, but can otherwise be removed.~~

- (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~~⁵;
- (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 ~~its~~their Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing,

~~all~~each of the foregoing to permit the Applicants to proceed with an orderly restructuring of the Business ~~(the "Restructuring")~~.

11. ~~12.~~ **THIS COURT ORDERS** that the Applicants shall provide each of the relevant landlords with notice of the ~~Applicant's~~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 ~~Applicant's~~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 ~~the~~an Applicant disclaims ~~for~~resiliates 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 ~~for resiliation~~ of the lease shall be without prejudice to the applicable Applicant's claim to the fixtures in dispute.

12. ~~13.~~ **THIS COURT ORDERS** that if a notice of disclaimer ~~for resiliation~~ is delivered pursuant to Section 32 of the CCAA, then (a) during the notice period prior to the effective time of the disclaimer ~~for resiliation~~, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Applicants and the Monitor 24

⁵~~Section 36 of the amended CCAA does not seem to contemplate a pre-approved power to sell (see subsection 36(3)) and moreover requires notice (subsection 36(2)) and evidence (subsection 36(7)) that may not have occurred or be available at the initial CCAA hearing.~~

hours' prior written notice, and (b) at the effective time of the disclaimer ~~for resiliation~~, 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. ~~14.~~ **THIS COURT ORDERS** that until and including ~~[DATE—MAX. 30 DAYS]~~ 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 ~~Applicant~~ 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 ~~Applicant~~ 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. ~~15.~~ **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 ~~is~~ 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. ~~16.~~ **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. ~~17.~~ **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. ~~18.~~ **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.⁶

PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

18. ~~19.~~ **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. ~~20.~~ **THIS COURT ORDERS** that the Applicants shall indemnify ~~its~~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,⁷ 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. ~~21.~~ **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**")⁸ on the Property, which charge shall not exceed an aggregate amount of \$~~●~~450,000.00, as security for the indemnity provided in paragraph ~~{20}~~19 of this Order. The Directors' Charge shall have the priority set out in paragraphs ~~{38}~~39 and ~~{40}~~41 herein.

⁶ ~~This non-derogation provision has acquired more significance due to the recent amendments to the CCAA, since a number of actions or steps cannot be stayed, or the stay is subject to certain limits and restrictions. See, for example, CCAA Sections 11.01, 11.04, 11.06, 11.07, 11.08, 11.1(2) and 11.5(1).~~

⁷ ~~The broad indemnity language from Section 11.51 of the CCAA has been imported into this paragraph. The granting of the indemnity (whether or not secured by a Directors' Charge), and the scope of the indemnity, are discretionary matters that should be addressed with the Court.~~

⁸ ~~Section 11.51(3) provides that the Court may not make this security/charging order if in the Court's opinion the Applicant could obtain adequate indemnification insurance for the director or officer at a reasonable cost.~~

21. ~~22.~~ **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's 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 ~~20~~19 of this Order.

APPOINTMENT OF MONITOR

22. ~~23.~~ **THIS COURT ORDERS** that ~~[MONITOR'S NAME]~~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 ~~its~~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. ~~24.~~ **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's 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 ~~its~~their dissemination, to the DIP Lender and its counsel on a ~~[TIME INTERVAL]~~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 ~~its~~their preparation of the ~~Applicant's~~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 ~~[TIME INTERVAL]~~ weekly, or as otherwise agreed to by the DIP Lender;

- (e) advise the Applicants in ~~its~~ 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 ~~Applicant's~~ 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. ~~25.~~ **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. ~~26.~~ **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. ~~27.~~ **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 its 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. ~~28.~~ **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 ~~shall incur no liability or obligation as a result of its~~ 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 ~~wilful~~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. ~~29.~~ **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 ~~is~~ are hereby authorized and directed to pay the accounts of the Monitor, counsel for the Monitor, and counsel for the Applicants on a ~~{TIME-INTERVAL}~~weekly basis ~~and, in addition, the Applicant is hereby authorized to pay to the Monitor, counsel to the Monitor, and counsel to the Applicant, retainers in the amount[s] of \$●[-, respectively,] to be held by them as security for payment of their respective fees and disbursements outstanding from time to time,~~

31. ~~30.~~ **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. ~~31.~~ **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, ~~if any,~~ and the ~~Applicant's~~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 ~~of the Monitor and such counsel,~~ 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 ~~38~~39 and ~~40~~41 hereof.

DIP FINANCING

33. ~~32.~~ **THIS COURT ORDERS** that the Applicants ~~is~~ are hereby authorized and empowered to obtain and borrow under a credit facility (the "DIP Loan") from ~~[DIP LENDER'S NAME]~~ (Trichome Financial Corp. (in such capacity, the "DIP Lender") in order to finance the Applicants's 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~~ 4,000,000.00 unless permitted by further Order of this Court.

34. ~~33.~~ **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 ~~[DATE]~~ March 31, 2020 (the "Commitment Letter"), filed.

35. ~~34.~~ **THIS COURT ORDERS** that the Applicants ~~is~~ 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 ~~is~~ are hereby authorized and directed to pay and perform all of ~~its~~ 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. ~~35.~~ **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 ~~38~~39 and ~~40~~41 hereof.

37. ~~36.~~ **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. ~~37.~~ **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. ~~38.~~ **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 follows⁹:

⁹~~The ranking of these Charges is for illustration purposes only, and is not meant to be determinative. This ranking may be subject to negotiation, and should be tailored to the circumstances of the case before the Court. Similarly, the quantum and caps applicable to the Charges should be considered in each case. Please also note that the CCAA now permits Charges in favour of critical suppliers and others, which should also be incorporated into this Order (and the rankings, above), where appropriate.~~

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

Second ~~—DIP Lender's- Directors'~~ Charge (to the maximum amount of \$450,000.00);
and

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

40. ~~39.~~ **THIS COURT ORDERS** that the filing, registration or perfection of the ~~Directors' Charge, the~~ Administration Charge ~~or,~~ 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. ~~40.~~ **THIS COURT ORDERS** that each of the ~~Directors' Charge, the Administration Charge and the DIP Lender's Charge (all as constituted and defined herein)~~ 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. ~~41.~~ **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 ~~Directors' Charge, the Administration Charge or the DIP Lender's Charge~~ Charges, unless the Applicants also obtains the prior written consent of the Monitor, the DIP Lender and the beneficiaries of the ~~Directors' Charge and the Administration Charge~~ Charges, or further Order of this Court.

43. ~~42.~~ **THIS COURT ORDERS** that the ~~Directors' Charge, the Administration Charge~~ Charges, the Commitment Letter, and the Definitive Documents ~~and the DIP Lender's Charge~~ 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 ~~it~~ is 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. ~~43.~~ **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's 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. ~~44.~~ **THIS COURT ORDERS** that the Monitor shall (i) without delay, publish in ~~[newspapers specified by the Court]~~ [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 \$~~1000~~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. ~~45.~~ **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\(the "Website"\)](https://www.ksvadvisory.com/insolvency-cases/case/james-e-wagner-cultivation-corporation(the-Website)).

48. ~~46.~~ **THIS COURT ORDERS** that ~~if the service or distribution of documents in accordance with the Protocol is not practicable, the Applicant~~ 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 ~~prepaid ordinary mail, courier, personal delivery or facsimile transmission~~ electronic message to the Applicants's creditors or other interested parties at and their ~~respective addresses as last shown on the records of the Applicant~~

~~and that~~advisors. For greater certainty, any such ~~service or~~ distribution ~~by courier, personal delivery or facsimile transmission~~or service shall be deemed to be ~~received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.~~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. ~~47.~~ **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 ~~hereunder~~under this Order or in the interpretation or application of this Order.

50. ~~48.~~ **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. ~~49.~~ **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. ~~50.~~ **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. ~~51.~~ **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. ~~52.~~ **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. ~~Eastern Standard/Daylight Time~~ Toronto time on the date of this Order.

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

Court File No.

ONTARIO
SUPERIOR COURT OF JUSTICE
(COMMERCIAL LIST)

Proceedings commenced in Toronto

INITIAL ORDER

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

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

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

Lawyers for the Applicants

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.

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APPLICATION RECORD
(Volume 3 of 3)

BENNETT JONES LLP

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

Sean Zweig (LSO# 573071)

Mike Shakra (LSO# 64604K)

Aiden Nelms (LSO# 74170S)

Tel: 416-863-1200

Fax: 416-863-1716

Lawyers for the Applicants